Arverne Group

Outperform ➔ | Target Price : € 6.00
Price (26/05/2025) : € 3.98 | Upside : 51%

Révision	12/24e	12/25e
EPS	ns	ns

In talks with Hydro to acquire its stake in Lithium de France

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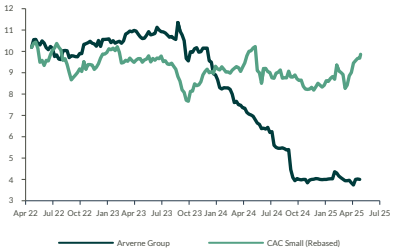

Sources : ODDO BHF Securities, SIX

Share data	
ARVEN FP | ARVEN.PA	
Market Cap (€m)	159
Enterprise value (€m)	180
Extrema 12 months (€)	3.74 - 7.00
Free Float (%)	18.4

Performance (%)	1m	3m	12m
Absolute	3.6	-4.3	-43.3
Perf. rel. Country Index	-2.0	-2.7	-46.4
Perf. rel. CAC Small	-5.3	-14.8	-42.3

P&L	12/24e	12/25e	12/26e
Sales (€m)	14.1	13.8	30.0
EBITDA (€m)	-18.3	-18.4	-12.8
Current EBIT (€m)	-20.9	-27.4	-29.0
Attr. net profit (€m)	-10	-26	-27
Adjusted EPS (€)	-0.21	-0.54	-0.55
Dividend (€)	0.00	0.00	0.00
P/E (x)	ns	ns	ns
P/B (x)	1.7	1.2	1.6
Dividend Yield (%)	0.0	0.0	0.0
FCF yield (%)	ns	ns	ns
EV/Sales (x)	12.62	13.02	18.34
EV/EBITDA (x)	ns	ns	ns
EV/Current EBIT (x)	ns	ns	ns
Gearing (%)	-44	15	ns
Net Debt/EBITDA (x)	4.0	-1.2	-30.5

Next Events	
24/09/2025	H1 Results

Deal to be financed through share swap

Arverne yesterday evening announced it had entered into negotiations with Hydro Energy Invest (a Norsk Hydro group subsidiary) with a view to acquiring its 12% stake in Lithium de France. The acquisition will be financed by a contribution of the shares held by Hydro Energy Invest in Lithium de France in exchange for shares in Arverne Group. Upon completion of this deal, Arverne should own 74% of Lithium de France (vs 62% now), with Equinor Ventures retaining a 24% holding. This transaction should enable Arverne to increase its control over Lithium de France by integrating a major industrial player in the energy sector into its capital.

Lithium de France: an Arverne Group subsidiary dedicated to producing geothermal lithium in France

Lithium de France is a subsidiary of Arverne Group, created in 2020 and specialising in geothermal heat production and the extraction of lithium contained in geothermal brines in the Alsace basin using DLE (Direct Lithium Extraction) technology. The goal by 2031 is to produce 2.2 TWh of geothermal heat and 27 kt of lithium per year (i.e. 33% of France's estimated demand in 2035) to accelerate the energy transition. The results of the pre-feasibility study (PFS) confirmed the competitiveness of geothermal lithium production costs, placing the project in the top quartile globally, while being environmentally friendly and contributing to regional development.

Strategic move set to drive medium-term growth

This transaction, financed by a contribution in kind, should enable Arverne Group to strengthen its position without raising cash. However, it could result in new share issuance, leading to a dilution of capital for existing Arverne Group shareholders. This potential dilution should be weighed against the expected benefits. Strengthening control over a major industrial partner in the lithium sector will enable Arverne to consolidate its position in a high-potential market. This advance is all the more strategic given that, in our view, Lithium de France's revenues are set to account for the majority of the group's revenues by 2031 (74%), with production scheduled to start in 2028. The valuation of the transaction and its impact on the capital structure will depend on the terms agreed at the end of the ongoing negotiations. For the time being, we are leaving our model unchanged pending finalisation of the negotiations. As such, we think the acquisition of Equinor's stake cannot be ruled out if this deal proves successful.

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Arverne Group
Renewable Energies | France

Outperform
Upside 50.75%

Price 3.98 €
TP 6.00 €

PER SHARE DATA (€)	12/20	12/21	12/22	12/23	12/24e	12/25e	12/26e
Adjusted EPS	224.46	-121.26	-0.22	-1.47	-0.21	-0.54	-0.55
Reported EPS	**222.62**	**-121.26**	**-0.22**	**-1.89**	**-0.26**	**-0.65**	**-0.68**
Growth in adjusted EPS	-	ns	ns	ns	ns	ns	ns
Net dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FCF to equity per share	190.01	-99.15	-0.82	-1.34	-1.46	-2.37	-9.28
Book value per share	237.93	159.98	-0.74	5.96	3.86	3.21	2.53
Number of shares market cap (m)	0.02	0.02	15.20	39.83	39.83	39.83	39.83
Number of diluted shares (m)	0.02	0.02	7.61	35.43	47.74	47.74	47.74
VALUATION (€m)	**12/20**	**12/21**	**12/22**	**12/23**	**12/24e**	**12/25e**	**12/26e**
12m highest price (€)		11.93	11.34	12.29	9.65	4.38	
12m lowest price (€)		10.89	9.57	9.27	3.84	3.74	
(*) Reference price (€)		11.45	10.39	10.58	6.39	3.98	3.98
Capitalization		0.2	158	422	255	159	159
Restated Net debt	6.0	4.9	2.0	-131.5	-73.3	21.2	392
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	5.2	3.4	3.4	3.4	3.4	0.0	0.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value		**1.7**	**156**	**287**	**178**	**180**	**550**
P/E (x)		ns	ns	ns	ns	ns	ns
P/CF (x)		ns	ns	ns	ns	ns	ns
Net Yield		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield		ns	ns	ns	ns	ns	ns
P/B incl. GW (x)		0.07	ns	1.77	1.65	1.24	1.57
P/B excl. GW (x)		0.07	ns	1.77	1.65	1.24	1.57
EV/Sales (x)		0.13	14.60	28.41	12.62	13.02	18.34
EV/EBITDA (x)		ns	ns	ns	ns	ns	ns
EV/Current EBIT (x)		**ns**	**ns**	**ns**	**ns**	**ns**	**ns**
(*) historical average price							
PROFIT AND LOSS (€m)	**12/20**	**12/21**	**12/22**	**12/23**	**12/24e**	**12/25e**	**12/26e**
Sales	4.5	12.6	10.7	10.1	14.1	13.8	30.0
EBITDA	-2.0	-2.2	-1.5	-14.7	-18.3	-18.4	-12.8
Depreciations	-1.5	-1.6	-2.0	-1.9	-2.6	-9.0	-16.2
Current EBIT	**-3.4**	**-3.8**	**-3.5**	**-16.6**	**-20.9**	**-27.4**	**-29.0**
Published EBIT	4.3	-2.4	-2.7	-61.3	-20.9	-27.4	-29.0
Net financial income	-0.0	-0.0	0.8	6.5	9.8	0.0	0.0
Corporate Tax	-0.0	-0.0	-0.0	1.0	0.0	0.0	0.0
Net income of equity-accounted companies	-0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.1	0.2	1.8	0.9	1.5	1.9
Attributable net profit	4.2	-2.4	-1.6	-52.0	-10.2	-25.9	-27.1
Adjusted attributable net profit	**4.3**	**-2.4**	**-1.6**	**-52.0**	**-10.2**	**-25.9**	**-27.1**
BALANCE SHEET (€m)	**12/20**	**12/21**	**12/22**	**12/23**	**12/24e**	**12/25e**	**12/26e**
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible assets	0.0	0.6	4.5	39.2	36.5	33.4	30.2
Tangible fixed assets	8.4	8.3	6.7	19.4	68.1	134	477
WCR	1.8	-1.6	-19.2	-4.6	-3.5	0.6	1.4
Financial assets	1.1	1.1	5.2	3.4	3.4	3.4	3.4
Ordinary shareholders equity	4.5	3.1	-5.6	164	154	128	101
Minority interests	0.0	0.1	0.7	14.3	13.5	12.0	10.1
Shareholders equity	4.5	3.3	-4.9	178	167	140	111
Non-current provisions	0.8	0.2	0.0	10.5	10.5	10.5	10.5
Net debt	**6.0**	**4.9**	**2.0**	**-131.5**	**-73.3**	**21.2**	**391**
CASH FLOW STATEMENT (€m)	**12/20**	**12/21**	**12/22**	**12/23**	**12/24e**	**12/25e**	**12/26e**
EBITDA	**-2.0**	**-2.2**	**-1.5**	**-14.7**	**-18.3**	**-18.4**	**-12.8**
Change in WCR	0.0	0.0	0.0	0.0	-1.1	-4.1	-0.7
Interests & taxes	0.0	0.0	0.8	6.8	9.8	0.0	0.0
Others	5.9	1.9	-0.3	-7.4	1.4	0.0	0.0
Operating Cash flow	4.0	-0.3	-1.1	-15.3	-8.2	-22.5	-13.6
CAPEX	-0.3	-1.7	-5.1	-21.4	-50.0	-72.0	-356.0
Free cash-flow	**3.6**	**-1.9**	**-6.2**	**-36.7**	**-58.2**	**-94.5**	**-369.6**
Acquisitions / disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net capital increase	0.3	3.2	4.4	114.6	0.0	0.0	0.0
Others	2.1	-0.6	-0.9	53.5	0.0	0.0	0.0
Change in net cash	7.0	0.7	-1.8	133.3	-58.2	-94.5	-369.6
GROWTH MARGINS PRODUCTIVITY	**12/20**	**12/21**	**12/22**	**12/23**	**12/24e**	**12/25e**	**12/26e**
Sales growth	-	ns	-15.0%	-5.8%	39.7%	-2.1%	ns
Lfl sales growth	**-**	**ns**	**-15.0%**	**-5.8%**	**39.7%**	**-2.1%**	**ns**
Current EBIT growth	-	ns	ns	ns	ns	ns	ns
Growth in adjusted EPS	-	ns	ns	ns	ns	ns	ns
Net margin	94.9%	-18.9%	-15.4%	ns	-72.3%	ns	-90.3%
EBITDA margin	**-43.4%**	**-17.3%**	**-14.4%**	**ns**	**ns**	**ns**	**-42.7%**
Current EBIT margin	**-76.1%**	**-30.2%**	**-32.8%**	**ns**	**ns**	**ns**	**-96.7%**
CAPEX / Sales	-7.7%	-13.3%	-48.0%	ns	ns	ns	ns
WCR / Sales	40.5%	-12.3%	ns	-45.4%	-24.6%	4.6%	4.6%
Tax Rate	0.4%	-1.6%	-1.0%	1.8%	0.0%	0.0%	0.0%
Normative tax rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Asset Turnover	-	1.4	-27.6	0.4	0.2	0.1	0.1
ROCE post-tax (normative tax rate)	**-**	**-32.7%**	**ns**	**-54.2%**	**-20.2%**	**-15.2%**	**-6.4%**
ROCE post-tax hors GW (normative tax rate)	-	-32.7%	ns	-54.2%	-20.2%	-15.2%	-6.4%
ROE	-	-62.1%	ns	-65.7%	-6.4%	-18.3%	-23.7%
DEBT RATIOS	**12/20**	**12/21**	**12/22**	**12/23**	**12/24e**	**12/25e**	**12/26e**
Gearing	132%	150%	ns	-74%	-44%	15%	352%
Net Debt / Market Cap		21.13	0.01	-0.31	-0.29	0.13	2.46
Net debt / EBITDA	**-3.06**	**-2.25**	**-1.30**	**8.93**	**4.01**	**-1.15**	**-30.49**
EBITDA / net financial charges	-325.2	362.7	1.9	2.2	1.9	ns	ns

Sources: ODDO BHF Securities, SIX

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- **Valuation method**

Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on ODDO BHF' website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

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The opinions expressed in the financial analysis are opinions as per a particular date, i.e. the date indicated in the financial analysis. The recommendation (cf. explanation of the recommendation systematic) can change owing to unforeseeable events which may, for instance, have repercussions on both the company and on the whole industry.

- **Our stock market recommendations**

Our stock market recommendations reflect the RELATIVE performance expected for each stock on a 12-month timeframe.
Outperform: performance expected to exceed that of the benchmark index, sectoral (large caps) or other (small and mid caps).
Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).
Underperform: performance expected to fall short of that of the benchmark index, sectoral (large caps) or other (small and mid caps).

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Recommendation and target price changes history over the last 12 months for the company analysed in this report

Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
27/03/25	Outperform	6.00	3.98	Gautier Le Bihan
26/09/24	Outperform	8.00	5.40	Gautier Le Bihan
11/06/24	Outperform	9.00	6.70	Gautier Le Bihan

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Recommendation split				
		Outperform	Neutral	Underperform
Our whole coverage	(776)	51%	40%	9%
Liquidity providers coverage	(120)	47%	43%	11%
Research service coverage	(72)	56%	38%	7%
Investment banking services	(45)	69%	27%	4%

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