

Arverne Buy

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France | Utilities
MCap: EUR170.5m

Target Price: EUR6.00
Current Price: EUR4.90
Up/downside: 22.4%
Market data: 14 January 2026

Bloomberg: ARVEN FP	Reuters: ARVEN_p.PA
Free float	18%
Avg. daily volume (EURm)	0.0
YTD abs performance	0.0%
52-week high/low (EUR)	5.60/3.74

What to expect for 2026

Key points:

- After a successful 2025, marked by Bpifrance's acquisition of a stake (which caused the share price to surge), the positive momentum is expected to continue into 2026. The group should reach structural milestones that validate its expertise and the potential of its geothermal and lithium projects.
- A financing operation, to support the group's rapid development, could also be an important event this year.
- We are organising a field trip to the drilling site near Strasbourg on February 5. Please contact us if you are interested.

Project development

- At the Lithium de France site, drilling began last November. The first well is expected to be completed during Q1. A first demonstrator will also be installed, which will allow validation of the source's temperature, flow rate and lithium content. The second well is scheduled to be drilled during Q2. The first production of geothermal lithium is expected in 2028.
- The first geothermal heat production is expected in 2027, after two agreements signed in 2025 for 30-year heat sales projects – validating the group's pipeline.
- In 2026, expectations are mainly focused on technical and engineering (pre-industrialisation, studies, DLE processes etc.) and the securing of permits, partners and off-take agreements – rather than material and immediate impact on the P&L.

Drilling campaigns are ongoing

- The drilling campaign for the contract with Safran is set to be completed before the end of Q1 2026.
- Arverne will also modernise existing assets of a municipality in Ile de France with the latest technological advances, to adapt the infrastructure to the city's growing needs. This echoes the project won in partnership with Dalkia, which aims to develop geothermal energy for municipalities in the region.
- Commercial momentum for these kinds of projects remains strong, underscoring the economic and strategic relevance of geothermal energy.
- While these projects are not critical from a P&L perspective, they confirm Arverne's expertise in large-scale drilling projects, which bodes well for its heat and cooling activities as well as Lithium de France.

Financing the growth

- To support its development, Arverne should resort to external financing – either a capital increase and/or debt financing (on top of grants). At this stage, all options remain on the table.
- Note that in 2025, Equinor Ventures and Arverne participated in a EUR40m capital increase in Lithium de France.
- Arverne's solid shareholder base (with Bpifrance, ADEME, Renault and Hydro Energy Invest – among others) is a key asset in carrying out this financing operation under the best possible conditions.

Environnement is improving

- The French government launched a multi-measure plan to scale up geothermal deployment, streamlining permitting, improving access to geological data, and strengthening public support to meet long-term heat decarbonisation targets. Recent actions reduce authorisation timelines, ease regulatory requirements, and improve access to schemes such as the Heat Fund and geothermal risk-mitigation mechanisms. A European geothermal plan is also expected to be announced in Q1.
- After rising from EUR 8-10/kg to c. EUR 20/kg, lithium prices are now back to attractive levels for the group's activities (Arverne's PFS results estimate operating expenses at €4.5/kg).

Investment conclusion

- We see Arverne as a high-risk, high-reward story. Our valuation is dependent on the company's ability to scale up successfully, and that is what the group should prove in 2026. We thus confirm our positive view on the stock.

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Appendix 1: Research framework

Last model update: 15 January 2026

Investment case

- Arverne is an industrial player specialised in the valorisation of subsoil resources. The group is focused on three units: 1) geothermal heat and cooling, 2) Lithium de France (geothermal heat and lithium), and 3) Arverne Drilling Services (drilling operations).
- Its main competitive advantage stems from the synergy potential among its three entities, with drilling being crucial for the successful development of any geothermal activity.
- We see Arverne as a high-risk, high-reward story. Indeed, its development strategy relies exclusively on the development of geothermal energy and lithium, and to date, these activities generate no sales.

Catalysts

- Production of the first geothermal heating plant (2027)
- Production of the first lithium tonnes (2028)
- Announcement of a subsidy.

Valuation Methodology

- We value Arverne using a sum-of-the-parts method to separate the geothermal, lithium, and drilling activities.
- The geothermal and the lithium activities are valued using a DCF and the drilling activities are valued with a FY 2025E EV/sales target multiple (1.0x).

Risk to our rating

- Our valuation is highly dependent on the company’s ability to scale up successfully.
- The group’s growth will be capital-intensive. The group expects to obtain subsidies for 35% of this envelope. Lower-than-expected subsidies should therefore generate the need for dilutive financing.
- Potential delay in the democratisation of geothermal energy

Appendix 2: Company description

Arverne is a French industrial group driving the energy transition through the sustainable valorisation of subsoil resources. Leveraging its deep expertise in drilling and subsurface engineering, the company develops innovative geothermal and lithium projects to provide renewable heat and low-carbon materials essential for the decarbonisation effort.

Mgmt	Pierre Brossollet, CEO & Chairman Thierry Trouyet, Deputy CEO Emeline Othax, CFO
Ownership	Free float: 18.40% Arosco (P. Brossollet): 20.03% Eiffel Essentiel (F. Dumonteil) : 9.85% ADEME: 9.27%

Appendix 3: share price perf.



Appendix 4: SWOT analysis

Strengths

- Provides local, low-carbon, renewable energy.
- Business model offering strong synergies.
- Deep know-how in drilling activities.

Opportunities

- Greater democratisation of geothermal heat.
- Increasing public aid to develop geothermal heat.
- International expansion.

Weaknesses

- The group has no track record.
- Tensions regarding financing.
- Small cap with limited free float

Threats

- Ambitious business plan: execution risk.
- Slower democratisation of EVs.
- Increased competition in these nascent markets.

Appendix 5: Key financials

Last model update: 15 January 2026

Market data date: 14 January 2026

FY to 31/12 (EUR)	na	na	na	na	12/22	12/23	12/24	12/25E	12/26E	12/27E
Income Statement (EURm)										
Sales	na	na	na	na	10.4	10.1	14.1	20.0	16.8	72.4
% Change	na	na	na	na	na	-3.0%	40.2%	41.4%	-15.8%	330.0%
EBITDA adjusted	na	na	na	na	-2.0	-16.0	-18.4	-20.7	-26.1	0.4
EBITDA adj. margin (%)	na	na	na	na	-19.4%	na	na	na	na	0.5%
EBIT adjusted	na	na	na	na	-4.0	-65.4	-20.8	-24.1	-32.7	-16.2
EBIT adj. margin (%)	na	na	na	na	-38.3%	na	na	na	na	-22.4%
Net financial items & associates	na	na	na	na	-0.1	4.1	11.2	-5.7	-5.7	-5.7
Others	na	na	na	na	0.9	2.4	-1.8	-6.0	0.0	0.0
Tax	na	na	na	na	0.0	1.0	0.2	0.0	0.0	0.0
Net profit from continuing operations	na	na	na	na	-3.2	-57.9	-11.1	-35.9	-38.5	-22.0
Net profit from discontinuing activities	na	na	na	na	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	na	na	na	na	-3.2	-57.9	-11.1	-35.9	-38.5	-22.0
Net profit reported	na	na	na	na	-3.0	-56.1	-11.1	-35.9	-38.5	-22.0
Net profit adjusted	na	na	na	na	-3.0	-56.1	-11.1	-35.9	-38.5	-22.0
Cash Flow Statement (EURm)										
Levered post tax CF before capex	na	na	na	na	-2.4	-19.4	-7.0	-57.6	-25.7	-6.6
Capex	na	na	na	na	-1.2	-15.6	-9.5	-50.0	-150.2	-455.7
Free cash flow	na	na	na	na	-3.6	-35.0	-16.5	-107.6	-176.0	-462.3
Acquisitions & divestments	na	na	na	na	0.0	0.0	0.0	0.0	0.0	0.0
Dividend paid	na	na	na	na	0.0	0.0	0.0	0.0	0.0	0.0
Others	na	na	na	na	3.5	169.1	-112.7	-58.9	-141.6	293.8
Change in net financial debt	na	na	na	na	0.1	-134.0	129.1	166.5	317.5	168.5
Balance Sheet (EURm)										
Intangible assets	na	na	na	na	4.5	40.2	55.1	56.1	57.1	58.1
Tangible assets	na	na	na	na	6.7	19.4	52.3	89.5	188.6	507.5
Financial & other non-current assets	na	na	na	na	0.0	3.4	3.1	3.1	3.1	3.1
Total shareholders' equity	na	na	na	na	-4.9	178.4	169.9	134.0	95.6	73.6
Pension provisions	na	na	na	na	0.0	1.2	2.1	2.1	2.1	2.1
Liabilities and provisions	na	na	na	na	28.1	43.9	85.1	92.2	92.4	216.5
Net debt	na	na	na	na	2.0	-130.5	-83.5	20.9	143.4	341.4
Net financial debt	na	na	na	na	2.0	-132.1	-85.6	18.8	141.3	339.3
IFRS 16 debt	na	na	na	na	0.0	0.3	0.0	0.0	0.0	0.0
Net working capital	na	na	na	na	-14.0	-4.8	-8.0	52.7	37.6	-105.2
Invested capital	na	na	na	na	-7.3	15.6	46.3	145.2	230.2	407.3
Per share data (EUR)										
EPS adjusted	na	na	na	na	-0.11	-2.20	-0.38	-1.03	-1.11	-0.63
EPS adj and fully diluted	na	na	na	na	-0.11	-2.34	-0.32	-1.03	-1.11	-0.63
% Change	na	na	na	na	na	-chg	+chg	-chg	-chg	+chg
EPS reported	na	na	na	na	-0.11	-2.20	-0.38	-1.03	-1.11	-0.63
Cash flow per share	na	na	na	na	-0.09	-0.76	-0.24	-1.66	-0.74	-0.19
Book value per share	na	na	na	na	-0.18	7.44	4.88	3.85	2.75	2.12
Dividend per share	na	na	na	na	0.00	0.00	0.00	0.00	0.00	0.00
Number of shares, YE (m)	na	na	na	na	26.96	23.98	34.79	34.79	34.79	34.79
Ratios										
ROE (%)	na	na	na	na	na	-64.7%	-6.4%	-23.6%	-33.5%	-25.9%
ROIC (%)	na	na	na	na	na	na	-50.3%	-18.9%	-13.1%	-3.8%
ND(F+IFRS16) / EBITDA (x)	na	na	na	na	-1.0	8.2	4.7	-0.9	-5.4	880.9
Gearing (%)	na	na	na	na	na	-74.0%	-50.4%	14.0%	147.8%	460.9%
Valuation										
P/E adjusted	na	na	na	na	na	na	na	na	na	na
P/E adjusted and fully diluted	na	na	na	na	na	na	na	na	na	na
P/BV	na	na	na	na	na	1.3	1.3	1.3	1.8	2.3
P/CF	na	na	na	na	na	na	na	na	na	na
Dividend yield (%)	na	na	na	na	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield preference shares (%)	na	na	na	na	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	na	na	na	na	-1.3%	-14.9%	-7.4%	-63.1%	-103.2%	-271.2%
EV/Sales	na	na	na	na	26.0	8.5	9.8	9.6	18.6	7.1
EV/EBITDA adj.	na	na	na	na	na	na	na	na	na	na
EV/EBIT adj.	na	na	na	na	na	na	na	na	na	na

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Local insight, European scale.



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