

Arverne Buy

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France | Utilities

MCap: EUR177.4m

Target Price: EUR6.00
Current Price: EUR5.10
Up/downside: 17.6%
Market data: 18 March 2026

Bloomberg: ARVEN FP Reuters: ARVEN.PA
Free float 18%
Avg. daily volume (EURm) 0.0
YTD abs performance 4.1%
52-week high/low (EUR) 5.60/3.74

CMD: clarifying the path to scale

Key points:

- Arverne will host a CMD on 26 March 2026. Registration link [here](#).
- The current energy crisis is favourable for Arverne: it should support European investments in its sovereignty and the transition toward EVs. As a future European supplier of geothermal heat and lithium, Arverne is due to play a central role in these matters.
- We see Arverne as a high-risk, high-reward story, with valuation largely dependent on its ability to scale successfully.
- Beyond medium-term targets, we expect this CMD to provide a clearer roadmap. Building credibility of the group's projects is key to securing the financing required to support growth.

The conflict in Iran further strengthens the investment case

- The current energy crisis is pushing Europe to strengthen energy security and reduce dependence on imported fossil fuels. This reinforces our investment case for Arverne, as geothermal heat ticks all the boxes: renewable, low-carbon and locally sourced.
- Moreover, the sharp rise in oil prices confirms the thesis that a transition toward EVs is necessary. Arverne, as a future European lithium producer, should benefit from this long-term trend.

Financing growth

- Arverne is at a decisive stage, where it must secure financing to ensure growth. The group should resort to external financing, either through a capital increase and/or debt financing (in addition to grants). At this stage, all options remain on the table.
- On 19 February, Arverne appointed Macquarie (a partner of Kepler Cheuvreux) as financial advisor to assess financing options for the group's growth. This appointment follows Macquarie's role as financial advisor to the Lithium de France project.
- Arverne's solid shareholder base (with Bpifrance, ADEME, Renault and Hydro Energy invest) is a key asset in carrying out this financing operation under the best possible conditions.

Our forecasts

- During the CMD, we expect Arverne to disclose financial targets to concretely illustrate the potential of its projects. However, due to some delays and a more cautious approach, there is downside risk relative to our current assumptions. Our model is based on the assumptions summarised in the table below.
- Beyond quantified financial targets, the group should set a clear and compelling roadmap that underpins the credibility of its growth prospects, with well-defined milestones enabling effective tracking of its progress.

Table 1: Deconstructing our forecasts

KPI	Unit	2027	2028	2029	2030
Lithium production	kt	0	2.6	10.0	15.0
Lithium selling price	EUR/kg	0	22.1	20.4	22.2
Geothermal total production	TWh	0.8	1.8	3.2	4.6
Average selling price	EUR/TWh	53	53	53	53
Sales	EURm	72	181	374	573
EBITDA	EURm	0	74	250	422
Margin	%	na	41%	67%	74%
Net profit	EURm	-22	21	111	214
Margin	%	-30%	12%	30%	37%
Capex	EURm	456	751	512	433

Source: Kepler Cheuvreux

Appendix 1: Research framework

Last model update: 11 March 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: 11 March 2026

Market data date: 18 March 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	1.6	169.1	-30.0	3.2	53.5	264.3
Change in net financial debt	na	na	na	na	2.0	-134.0	46.4	104.4	122.4	198.0
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	28.2	44.0	87.2	92.4	92.6	216.7
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	1.9	2.4
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%	-60.6%	-99.2%	-260.6%
EV/Sales	na	na	na	na	26.0	8.5	9.8	9.9	19.1	7.2
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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	03/06/2025 04:12	Equity Research	Buy	6.00	5.45

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