



Arverne Buy

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France | Utilities

MCap: EUR180.9m

Target Price: EUR6.00
Current Price: EUR5.20
Up/downside: 15.4%
Market data: 25 March 2026

Bloomberg: ARVEN FP
Free float 18%
Avg. daily volume (EURm) 0.0
YTD abs performance 6.1%
52-week high/low (EUR) 5.60/3.74

Reuters: ARVEN.PA

FY 2025: solid execution reinforces the investment case

Key points:

- Arverne delivered strong top-line momentum in 2025, with gross activity up 46% to EUR25.2m, confirming solid operational execution.
- The group is hosting a Capital Market Day today to present its long-term targets and reaffirm the relevance of its business model. Arverne is strategically positioned as a pure play on geothermal energy and geothermal lithium, directly aligned with European energy sovereignty and decarbonisation priorities.

FY 2025

- Sales reached EUR18m (+27%), reflecting a progressive ramp-up across drilling and early Heat & Cooling revenues. Gross activity increased sharply to EUR25.2m (+46%), driven by strong intra-group drilling and the contribution of internal projects (notably Lithium de France).
- Gross activity offers a more representative measure of underlying operational intensity than reported revenue, as it captures both external sales and internally generated project activity.
- Internal drilling for the Lithium de France project was successfully initiated. The first well was completed three months ahead of the initial schedule. This generated EUR4.7m of gross activity in 2025. The second well is scheduled for Q2 2026.
- Deep drilling revenue grew to EUR16.9m (+21%), supported by strong execution on major projects for ADP and Safran.
- Opex increased in line with sales (+27%), with external charges (+27%) and personnel costs (+22%) reflecting the build-out of internal capabilities, to support project development and future growth. Opex reflects a transition phase toward a more integrated and asset-heavy model.
- Capex reached EUR38.6m, below the initial c.EUR50m plan, indicating some discipline in capital allocation despite an aggressive investment phase. Management specified that this does not impact its pipeline. The majority of spending (EUR28.8m) was directed toward Lithium de France (first geothermal doublet). Additional investments (EUR4.8m) were allocated to drilling equipment, supporting vertical integration and long-term operational capacity expansion.

Financial position

- The Lithium de France project has been selected for the C3IV tax credit, supporting reindustrialisation in France and low-carbon investments. This could represent up to EUR150m.
- Arverne also secured EUR40m through the B2 financing of Lithium de France alongside Equinor Ventures, strengthening this strategic partnership.
- As of the end of FY 2025, the cash position was EUR78m (down from EUR146m at the end of FY 2024). New funding is therefore needed.

Financial position

- Management expects an acceleration of activity in 2026, supported by pipeline conversion and normalisation of public decision-making cycles.
- The group does not identify any risks to its projects following the outcome of the municipal elections. Geothermal energy is apolitical and addresses both the need to reduce CO2 emissions and the need for sovereignty.
- The group will detail its medium- to long-term targets this morning during its Capital Market Day.

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: 25 March 2026

FY to 31/12 (EUR)	na	na	na	12/22	12/23	12/24	12/25E	12/26E	12/27E	na
Income Statement (EURm)										
Sales	na	na	na	10.4	10.1	14.1	20.0	16.8	72.4	na
% Change	na	na	na	na	-3.0%	40.2%	41.4%	-15.8%	330.0%	na
EBITDA adjusted	na	na	na	-2.0	-16.0	-18.4	-20.7	-26.1	0.4	na
EBITDA adj. margin (%)	na	na	na	-19.4%	na	na	na	na	0.5%	na
EBIT adjusted	na	na	na	-4.0	-65.4	-20.8	-24.1	-32.7	-16.2	na
EBIT adj. margin (%)	na	na	na	-38.3%	na	na	na	na	-22.4%	na
Net financial items & associates	na	na	na	-0.1	4.1	11.2	-5.7	-5.7	-5.7	na
Others	na	na	na	0.9	2.4	-1.8	-6.0	0.0	0.0	na
Tax	na	na	na	0.0	1.0	0.2	0.0	0.0	0.0	na
Net profit from continuing operations	na	na	na	-3.2	-57.9	-11.1	-35.9	-38.5	-22.0	na
Net profit from discontinuing activities	na	na	na	0.0	0.0	0.0	0.0	0.0	0.0	na
Net profit before minorities	na	na	na	-3.2	-57.9	-11.1	-35.9	-38.5	-22.0	na
Net profit reported	na	na	na	-3.0	-56.1	-11.1	-35.9	-38.5	-22.0	na
Net profit adjusted	na	na	na	-3.0	-56.1	-11.1	-35.9	-38.5	-22.0	na
Cash Flow Statement (EURm)										
Levered post tax CF before capex	na	na	na	-2.4	-19.4	-7.0	-57.6	-25.7	-6.6	na
Capex	na	na	na	-1.2	-15.6	-9.5	-50.0	-150.2	-455.7	na
Free cash flow	na	na	na	-3.6	-35.0	-16.5	-107.6	-176.0	-462.3	na
Acquisitions & divestments	na	na	na	0.0	0.0	0.0	0.0	0.0	0.0	na
Dividend paid	na	na	na	0.0	0.0	0.0	0.0	0.0	0.0	na
Others	na	na	na	1.6	169.1	-30.0	3.2	53.5	264.3	na
Change in net financial debt	na	na	na	2.0	-134.0	46.4	104.4	122.4	198.0	na
Balance Sheet (EURm)										
Intangible assets	na	na	na	4.5	40.2	55.1	56.1	57.1	58.1	na
Tangible assets	na	na	na	6.7	19.4	52.3	89.5	188.6	507.5	na
Financial & other non-current assets	na	na	na	0.0	3.4	3.1	3.1	3.1	3.1	na
Total shareholders' equity	na	na	na	-4.9	178.4	169.9	134.0	95.6	73.6	na
Pension provisions	na	na	na	0.0	1.2	2.1	2.1	2.1	2.1	na
Liabilities and provisions	na	na	na	28.2	44.0	87.2	92.4	92.6	216.7	na
Net debt	na	na	na	2.0	-130.5	-83.5	20.9	143.4	341.4	na
Net financial debt	na	na	na	2.0	-132.1	-85.6	18.8	141.3	339.3	na
IFRS 16 debt	na	na	na	0.0	0.3	0.0	0.0	0.0	0.0	na
Net working capital	na	na	na	-14.0	-4.8	-8.0	52.7	37.6	-105.2	na
Invested capital	na	na	na	-7.3	15.6	46.3	145.2	230.2	407.3	na
Per share data (EUR)										
EPS adjusted	na	na	na	-0.11	-2.20	-0.38	-1.03	-1.11	-0.63	na
EPS adj and fully diluted	na	na	na	-0.11	-2.34	-0.32	-1.03	-1.11	-0.63	na
% Change	na	na	na	na	-chg	+chg	-chg	-chg	+chg	na
EPS reported	na	na	na	-0.11	-2.20	-0.38	-1.03	-1.11	-0.63	na
Cash flow per share	na	na	na	-0.09	-0.76	-0.24	-1.66	-0.74	-0.19	na
Book value per share	na	na	na	-0.18	7.44	4.88	3.85	2.75	2.12	na
Dividend per share	na	na	na	0.00	0.00	0.00	0.00	0.00	0.00	na
Number of shares, YE (m)	na	na	na	26.96	23.98	34.79	34.79	34.79	34.79	na
Ratios										
ROE (%)	na	na	na	na	-64.7%	-6.4%	-23.6%	-33.5%	-25.9%	na
ROIC (%)	na	na	na	na	na	-50.3%	-18.9%	-13.1%	-3.8%	na
ND(F+IFRS16) / EBITDA (x)	na	na	na	-1.0	8.2	4.7	-0.9	-5.4	880.9	na
Gearing (%)	na	na	na	na	-74.0%	-50.4%	14.0%	147.8%	460.9%	na
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	1.3	1.3	1.3	1.9	2.5	na
P/CF	na	na	na	na	na	na	na	na	na	na
Dividend yield (%)	na	na	na	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	na
Dividend yield preference shares (%)	na	na	na	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	na
FCF yield (%)	na	na	na	-1.3%	-14.9%	-7.4%	-59.5%	-97.3%	-255.6%	na
EV/Sales	na	na	na	26.0	8.5	9.8	10.1	19.3	7.2	na
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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