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EQUITY RESEARCH

ARVERNE GROUP ACT

NEWS
Company call

BUY

TP 9.5€
Up/Downside: 57%

Fonds Chaleur suspension

The suspension of new applications does not affect Arverne's near-term geothermal projects, which have already been processed. The focus therefore shifts to the pace of new project deployment from 2027 onwards, which will depend on the Fonds Chaleur budget and the ramp-up of Energy Savings Certificates (CEE).

Longer lead times and greater selectivity ahead

The suspension reflects a significant imbalance between funding demand (€1.8bn) and available resources (€800m) in 2026. It applies to new applications, while projects already under agreement remain unaffected, submitted applications continue to be reviewed, and territorial contracts are excluded from the suspension. We therefore expect primarily longer processing times and greater selectivity for new projects, rather than a halt in funding. Geothermal energy also remains a priority and should benefit from the increasing contribution of CEE support.

No identified near-term impact on Arverne

Arverne's near-term projects have already been processed and are therefore not affected by the suspension of new applications. Lithium de France is funded independently from the Fonds Chaleur, having secured up to €150m under the C3IV scheme in 2025, with potential access to additional European funding mechanisms. Project economics ultimately rely primarily on the competitiveness of geothermal heat and long-term heat supply contracts. At a levelised cost of €59/MWh, deep geothermal remains competitive with gas (€63/MWh) and the main low-carbon alternatives (€65-111/MWh). We therefore see the Fonds Chaleur primarily as a lever to enhance project returns and support investment decisions, rather than as a prerequisite for project viability.

CEE increasingly becoming an alternative source of support

Since 2026, CEE have provided complementary support for shallow geothermal projects, reducing the residual funding requirement and facilitating investment decisions. Their increasing contribution should help mitigate a potential reduction in Fonds Chaleur support, although the level of funding will depend on individual project characteristics and rules governing the combination of different support schemes. The expected extension of the scheme to geothermal heating networks, particularly deep geothermal, could provide an additional source of support for Arverne from 2027 onwards.

2027: visibility needs to be rebuilt

ADEME is due to present its new framework for managing and prioritising applications on 3 December. The key point to watch, however, remains the 2027 budget: the draft Finance Bill provides for €500m, compared with €800m in 2026, while submitted funding requests amount to €1.8bn. For Arverne, we therefore see limited risk to the near-term trajectory, but greater uncertainty around the pace at which the pipeline can be converted beyond projects already secured. A larger 2027 funding envelope and the effective extension of CEE support would, conversely, improve visibility.

TP ICAP Midcap Estimates	12/25	12/26e	12/27e	12/28e
Sales (m €)	18.0	14.5	25.0	46.2
Current Op Inc (m €)	-25.7	-25.9	-25.6	-21.0
Current op. Margin (%)	na	na	na	na
EPS (€)	-0.59	-0.72	-0.79	-0.62
DPS (€)	0.00	0.00	0.00	0.00
Yield (%)	0.0	0.0	0.0	0.0
FCF (m €)	-56.3	-91.2	-108.4	-94.3

Valuation Ratio	12/26e	12/27e	12/28e
EV/Sales	18.3	12.5	7.4

Source: TPICAP Midcap

Key data	
Price (€)	6.1
Industry	Utilities
Ticker	ARVEN-FR
Shares Out (m)	42.076
Market Cap (m €)	255.0
Next event	RA 26 = mars 2027

Source: FactSet

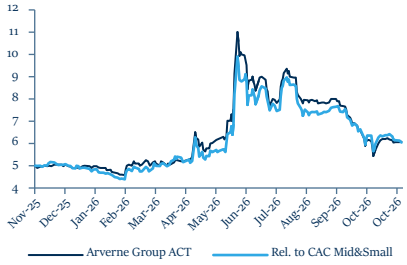
Ownership (%)	
Geogreen	25.5
Fondateurs du SPAC Transition	19.9
ADEME Investissement	9.2
Free float	16.0

Source: TPICAP Midcap estimates

EPS (€)	12/26e	12/27e	12/28e
Estimates	-0.72	-0.79	-0.62
Change vs previous estimates (%)	na	na	na

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-0.3	-1.0	23.7
Rel CAC Mid&Small	-0.6	-5.4	26.5



Source: FactSet

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FINANCIAL DATA

Income Statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
Sales	10.1	14.1	18.0	14.5	25.0	46.2
Changes (%)	-5.8	40.2	27.2	-19.4	72.4	84.8
Gross profit	13.6	19.7	26.7	27.5	36.5	55.3
% of Sales	134.8	139.1	148.4	189.6	146.0	119.6
EBITDA	**-11.9**	**-17.7**	**-20.0**	**-20.9**	**-20.0**	**-13.0**
% of Sales	-118.2	-125.3	-110.9	-143.8	-80.0	-28.2
Current operating profit	**-15.1**	**-20.8**	**-25.7**	**-25.9**	**-25.6**	**-21.0**
% of Sales	-149.8	-146.8	-142.6	-178.3	-102.4	-45.6
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-15.1	-20.8	-25.7	-25.9	-25.6	-21.0
Net financial result	4.1	4.2	1.7	-1.7	-5.1	-7.0
Income Tax	1.0	0.2	1.5	1.8	2.5	3.5
Tax rate (%)	0.0	25.0	25.0	na	na	na
Net profit, group share	**-53.3**	**-10.0**	**-20.7**	**-24.9**	**-27.4**	**-21.4**

Financial Statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	58.6	105.3	136.3	153.8	188.2	201.2
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.0	0.0	0.9	0.9	0.9	0.9
Working capital	0.2	-7.7	-7.7	-9.4	-23.5	-27.9
Other Assets	3.4	3.1	2.6	2.6	2.6	2.6
Assets	62.3	100.8	132.1	148.0	168.3	176.9
Shareholders equity group	164.1	155.9	140.6	115.7	88.3	66.9
Minorities	14.3	14.0	18.1	15.3	15.3	16.6
LT & ST provisions and others	2.6	3.0	2.7	2.7	2.7	2.7
Net debt	-124.2	-77.4	-32.6	11.1	58.7	87.4
Other liabilities	5.5	5.3	3.3	3.3	3.3	3.3
Liabilities	62.3	100.8	132.1	148.0	168.3	176.9
Net debt excl. IFRS 16	-124.8	-106.3	-61.9	-18.3	29.4	58.0
Gearing net	-0.7	-0.5	-0.2	0.1	0.6	1.0
Leverage	10.4	4.4	1.6	-0.5	-2.9	-6.7

Cash flow statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
CF after elimination of net borrowing costs and taxes	-10.3	-10.4	-15.7	-19.6	-19.2	-9.9
ΔWCR	2.6	-7.9	-0.1	-1.6	-14.1	-4.4
Operating cash flow	-7.7	-18.3	-15.8	-21.2	-33.4	-14.3
Net capex	-18.2	-17.1	-40.6	-70.0	-75.0	-80.0
FCF	-25.9	-35.3	-56.3	-91.2	-108.4	-94.3
Acquisitions/Disposals of subsidiaries	0.0	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	7.4	-0.6	-1.4	70.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of leasing debt	-0.2	0.0	0.0	0.0	0.0	0.0
Equity Transaction	98.2	0.7	9.9	0.0	0.0	0.0
Others	-2.3	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	80.0	-35.2	-47.8	-21.2	-108.4	-94.3

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Methodology

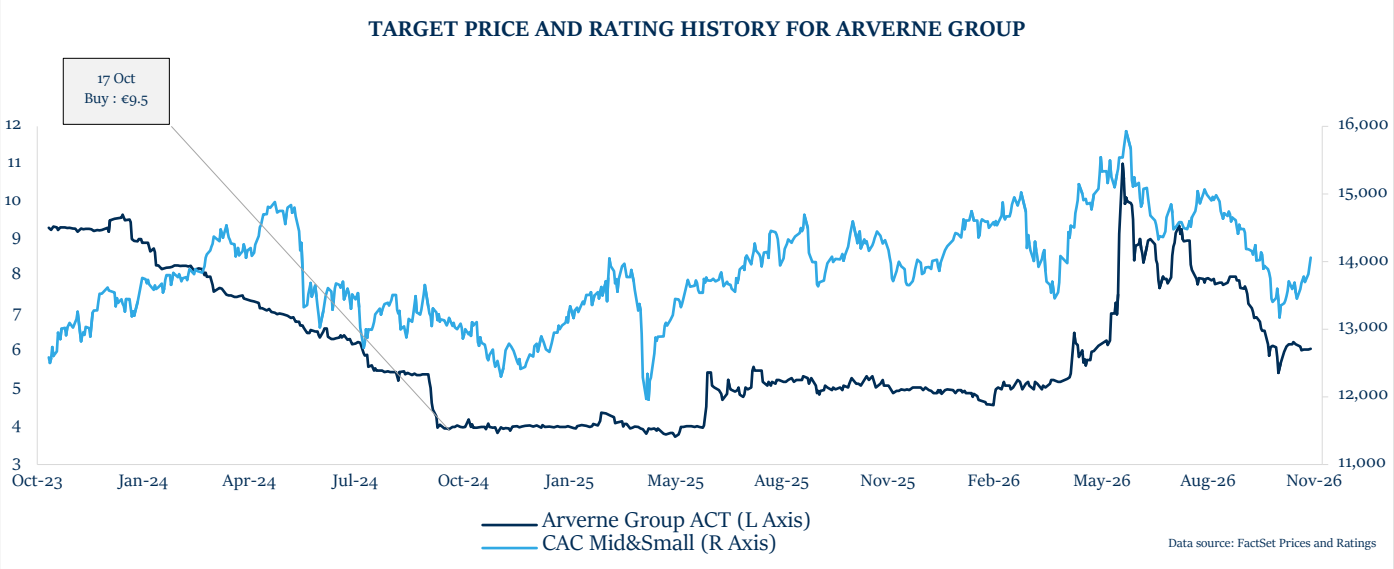
This Report may mention evaluation methods defined as follows:
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

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G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Arverne Group ACT

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History of investment rating and target price – Arverne Group ACT



Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
11 Oct 26 - 21:53:32	Veneta Nikolova	€ 9.50	€ 9.50	€ 5.70	Buy	Buy
06 Oct 26 - 07:53:57	Veneta Nikolova	€ 9.50	€ 9.50	€ 6.12	Buy	Buy
24 Sep 26 - 07:17:45	Veneta Nikolova	€ 9.50	€ 9.50	€ 6.56	Buy	Buy
14 Sep 26 - 08:25:20	Veneta Nikolova	€ 9.50	€ 9.50	€ 7.28	Buy	Buy
04 Sep 26 - 07:02:03	Veneta Nikolova	€ 9.50	€ 9.50	€ 7.90	Buy	Buy
27 Jul 26 - 05:08:07	Veneta Nikolova	€ 9.50	€ 9.50	€ 8.18	Buy	Buy
02 Jul 26 - 07:10:02	Veneta Nikolova	€ 9.50	€ 9.50	€ 7.96	Buy	Buy
16 Jun 26 - 07:41:37	Veneta Nikolova	€ 9.50	€ 9.50	€ 8.80	Buy	Buy
18 May 26 - 22:51:02	Veneta Nikolova	€ 9.50	€ 9.50	€ 7.02	Buy	Buy
10 May 26 - 03:58:24	Veneta Nikolova	€ 9.50	€ 9.50	€ 6.24	Buy	Buy
08 Apr 26 - 08:15:26	Veneta Nikolova	€ 9.50	€ 9.50	€ 5.28	Buy	Buy
26 Mar 26 - 06:48:01	Veneta Nikolova	€ 9.50	€ 9.50	€ 5.20	Buy	Buy
20 Feb 26 - 07:12:59	Veneta Nikolova	€ 9.50	€ 9.50	€ 5.05	Buy	Buy
25 Nov 25 - 06:44:07	Veneta Nikolova	€ 9.50	€ 9.50	€ 5.05	Buy	Buy

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	69%	77%
Hold	20%	61%
Sell	5%	38%
Under review	6%	90%

Midcap employs a rating system based on the following:
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Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.
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