

Eos Energy Enterprise Inc.

Long: EOSE

Price: \$15.29 | Target: \$16.72 | Upside: 9.4%



Table of Contents

- 1** Business Overview
- 2** Industry Overview
- 3** Street View
- 4** Investment Thesis
- 5** Valuation
- 6** Catalyst Paths
- 7** Risk, Mitigants, and ESG
- 8** Summary

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What is Eos Energy?

Eos Energy Enterprises is a U.S. clean-tech company pioneering zinc-based energy storage as a safer, longer-duration alternative to lithium-ion.

BESS

Energy storage, grid stabilization, and renewable integration

BMS

Proprietary software and remote monitoring platform

Project & Commissioning

Installation, system integration, and performance assurance

Maintenance & Support

Ongoing optimization, reliability, and recurring service revenue

Financial Snapshot

Operating Metrics (Q3 25')		Trading Metrics (11/5/25)	
Quarterly Revenue (Q3 25')	\$30.5M	Stock Price	\$14.86
Adjusted EBITDA (Q3 25')	-\$52.7M	Shares Outstanding	279.22M
Adjusted EBITDA Margin (Q3 25')	-173%	Market Cap	\$4.149B
Free Cash Flow (ITM Op CF)	-\$182.2M	Price / Sales (ITM)	98.8x
Revenue CAGR 23->24		15,606,000 (-4.7%)	
Gross Margin 2023		-73,420,000 (-448%)	
Gross Margin 2024		-83,261,000 (-534%)	
ROIC 2024		-145%	

Partnerships



Key Business Drivers

Rising global demand for long-duration storage:

Utilities and grids worldwide need multi-hour (4-12+ hour) storage to help keep renewable energy steady, prevent wasted power, and replace aging coal and power plants.

Technology difference: EOS's non-lithium zinc design can lower total storage cost because it uses abundant materials, has a non-flammable chemistry that reduces safety expenses, and is built to maintain performance over many years of daily use.

Government incentives: DOE loans totaling over \$326M, along with major contracts and the company's first large-scale deliveries, are helping EOS expand US battery factories, scale up production, and accelerate adoption of its zinc storage systems.

Industry Overview



The U.S. grid-scale energy storage market is rapidly growing, with zinc emerging as a key alternative to lithium.

Industry Analysis using Porter's 5 Forces

Threat of New Entrants (Moderate): The tech and capital requirements for grid-scale storage create high barriers of entry, but increasing investments in new battery technologies make future entrants possible ([Source](#))

Bargaining Power of Suppliers (Moderate): Zinc is abundant and reduces dependency on raw materials, but Eos still relies on a limited set of specialized component and EPC partners, giving suppliers a degree of leverage ([Source](#))

Threat of Substitutes + Rivalries amongst Existing Competitors

(Moderate): There is very minimal competition within the zinc battery industry, but other long-duration battery solutions such as lithium-ion can pose a possible threat to integration

Bargaining Power of Buyers (Low): With the current high demand for power there is very little buy-side bargaining power if they can deliver

Unique Value Proposition

- EOSE is a unique company within the **grid-scale energy storage industry** as they focus on **Zinc technology** rather than Lithium

- Top companies like Tesla Energy, LG, and Samsung compete in the Lithium sector while EOSE is relatively alone in the Zinc field

Lithium	Zinc
TESLA ENERGY	eos Eos Energy Storage
LG Energy Solution	
FLUENCE	
A Siemens and AES Company	
POWIN	

Macro Trends

1

Energy Growth: U.S. energy storage installations grew roughly 33% from 2023 to 2024, with 2025 expected to have another 25% increase ([Source](#))

2

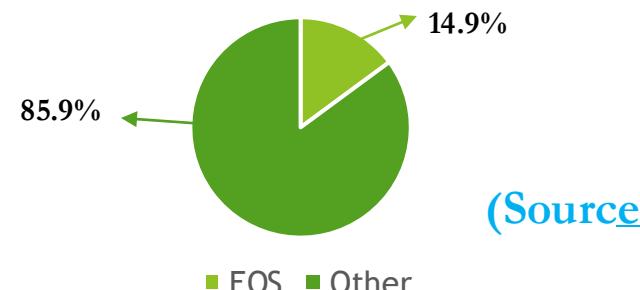
The grid-scale industry saw especially remarkable growth (84% from Q1 2023 to Q1 2024) while costs per megawatt-hour dropped 39% ([Source](#))

3

Deployment is geographically expanding beyond the traditional centers (CA, TX) with more states seeing utility-storage projects ([Source](#))

Expansive T.A.M.

Long-duration grid scale energy storage



EOSE's zinc-based, long-duration battery technology and U.S. manufacturing footprint positions it to capture a growing share of the expanding long-duration grid scale energy storage market within its broader Total Addressable Market (TAM)

Street View



Current street sentiment on EOSE is significantly bullish, driven by optimism around production ramp-up and product launches despite ongoing volatility.

Current Street View

1 - “Bullish analysts have raised price targets significantly, citing increasing confidence in Eos Energy’s production ramp . . . Analysts highlight robust macro themes support Eos, such as domestic manufacturing incentives and the drive to address grid instability.” – *Simply Wall Street* ([Source](#))

2 - “The firm says it has become ‘incrementally more positive’ on Eos given ‘solid position’ across several major macro-themes, including domestic manufacturing, grid instability, and data center energy infrastructure” – *Intellectia* ([Source](#))

3 - “Investors are abuzz after Eos Energy Enterprises (EOSE) rolled out its DawnOS battery management platform . . . the debut . . . has prompted leading analysts to signal even greater confidence in Eos’s growth outlook” – *Webull* ([Source](#))

EOSE Comp Set

Company	Price / Sales (P/S)	EV / EBITDA
TSLA (Tesla, Inc.)	~15x	~ 105x
GWH (ESS Tech)	~12.7x	~ -0.95x
FLNC (Fluence Energy)	~1.06x	~ -324x
Average	~9.5x	~ -73x
EOSE (Eos Energy Enterprises)	~59.74x	~ -12.5x (Source)

Financial Highlights and Recent Performance



- 1 Signed an MOU with Frontier Power to deploy up to 5 GWh of energy storage projects across the UK ([Source](#))
- 2 Missed Q2 expectations by roughly \$0.88 per share on EPS ([Source](#))
- 3 On September 8, they announced the launch of DawnOS, a proprietary battery-management system ([Source](#))
- 4 Record high revenue paired with missed Q3 expectations led to high volatility ([Source](#))

Investment Thesis



Despite an elevated valuation, production ramp-up and differentiated zinc technology support moderate upside.

- 1.** EOSE's zinc batteries uniquely position it to capture demand in the long-duration grid-scale energy storage market amid U.S. clean energy incentives.
- 2.** The launch of DawnOS and expanding domestic manufacturing strengthen EOSE's operational foundation, though execution risks remain high.

Why does this exist

Investors extrapolate macro tailwinds—such as IRA incentives and DOE storage funding—into aggressive commercialization timelines, assuming **rapid zinc adoption** despite **unproven large-scale reliability** and **slower utility procurement cycles**.

The Street **underestimates execution complexity and capital intensity**—EOSE's scaling depends on smooth manufacturing ramp-up, stable supply chains, and new partnerships, yet persistent cash burn and financing needs heighten dilution and delivery risks.

EOSE's accelerating production ramp, expanding backlog, and TAM tailwinds under U.S. incentives point to outsized revenue growth, and despite a premium P/S ($\sim 59.7\times$ vs $\sim 9.5\times$ peers) we see the growth runway as strong enough to justify the risks from lithium incumbents, policy timing, and contract monetization.

Catalyst Path

Q4 2025 – Q2 2026

Completion of U.S. manufacturing ramp-up and delivery of initial utility-scale zinc battery projects will test the company's execution and validate early revenue growth.

Q3 2026 – Q3 2027

Commercial deployment of DawnOS and DOE/IRA-backed partnerships provide technological proof and margin improvement evidence critical to the model's EBITDA expansion assumptions.

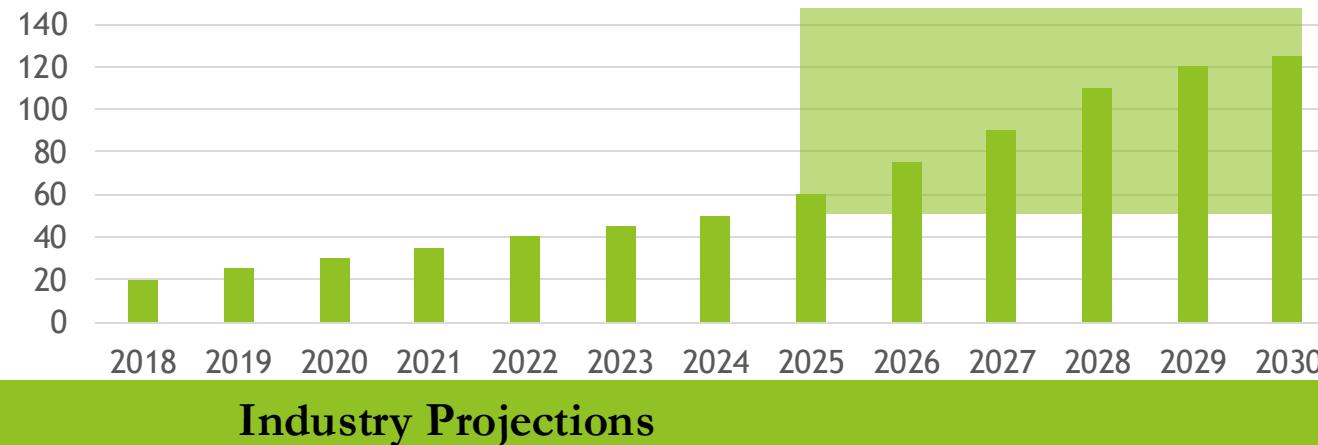
Q4 2027 – FY 2028

Achieving sustained production efficiency and approaching EBITDA breakeven could justify multiple re-rating toward peers, unlocking the moderate upside reflected in the DCF's terminal valuation.

Thesis 1: Tempered Commercialization Optimism

EOSE sits in the right macro trend, but commercialization is slower because zinc is still niche and utilities move slowly

US Power Demand from data centers expected to more than double from current levels



Forecast

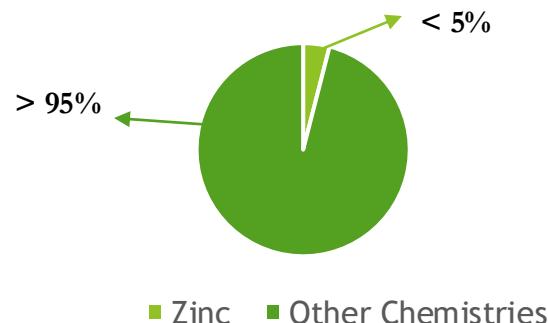
Actual

The forecast significantly over projected US power demand

Industry Projections

Key Policy Incentives

Grid Storage Chemistry



-Less than 5% of grid storage projects use **zinc chemistry**, meaning EOSE, is in a very small segment of the market

-**Potential challenge** in convincing utilities to adopt a less common chemistry, yet providing a unique position

Policy Tailwinds

- IRA Storage ITC
- DOE Support
- Manufacturing Credits

Real-World Rollout

- Long sales cycles
- New projects move slowly

Company excitement

Real-world performance

Investor Expectation Spike:

- Assumes rapid scale & margin expansion

EOSE Expectations Spike:

- Factory scale-up
- Utility-scale deployments

Thesis 2: Operational Execution Risk

Execution requires smooth manufacturing ramp, dependable suppliers, and continuous capital, cash burn amplifies even small slips into dilution & delivery risk.

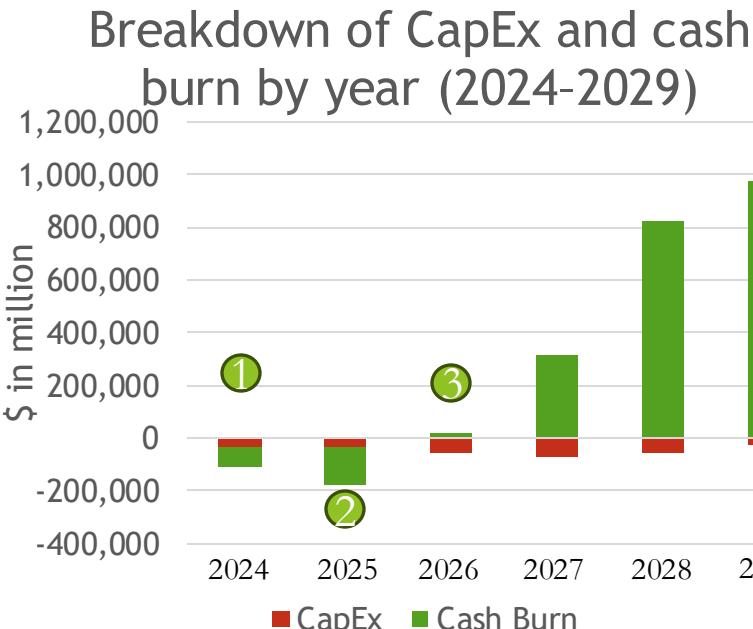
Materials

Supplier risk
and limited
approved
vendors

Model
clean sheet,
assemble and
quality testing

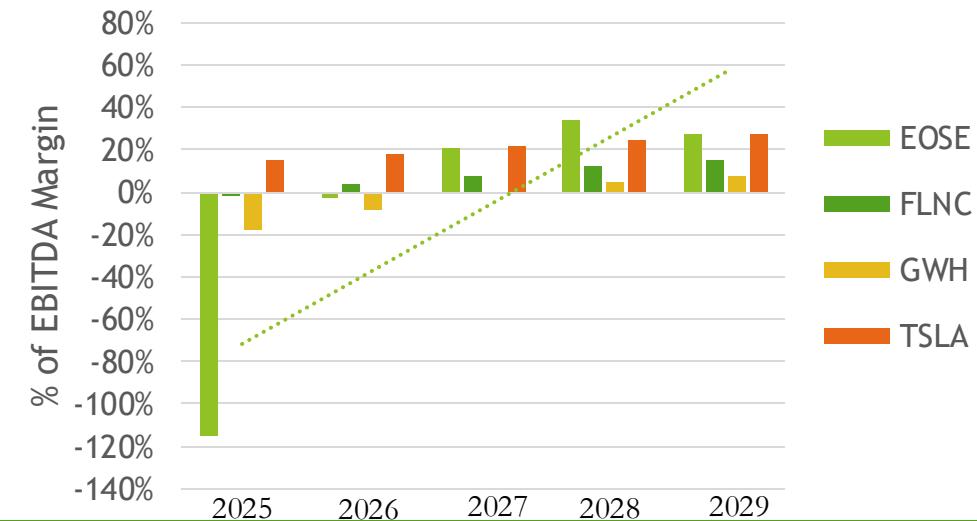
Partners
Installation
firms, capacity

Utilities
IPPs, large
factories



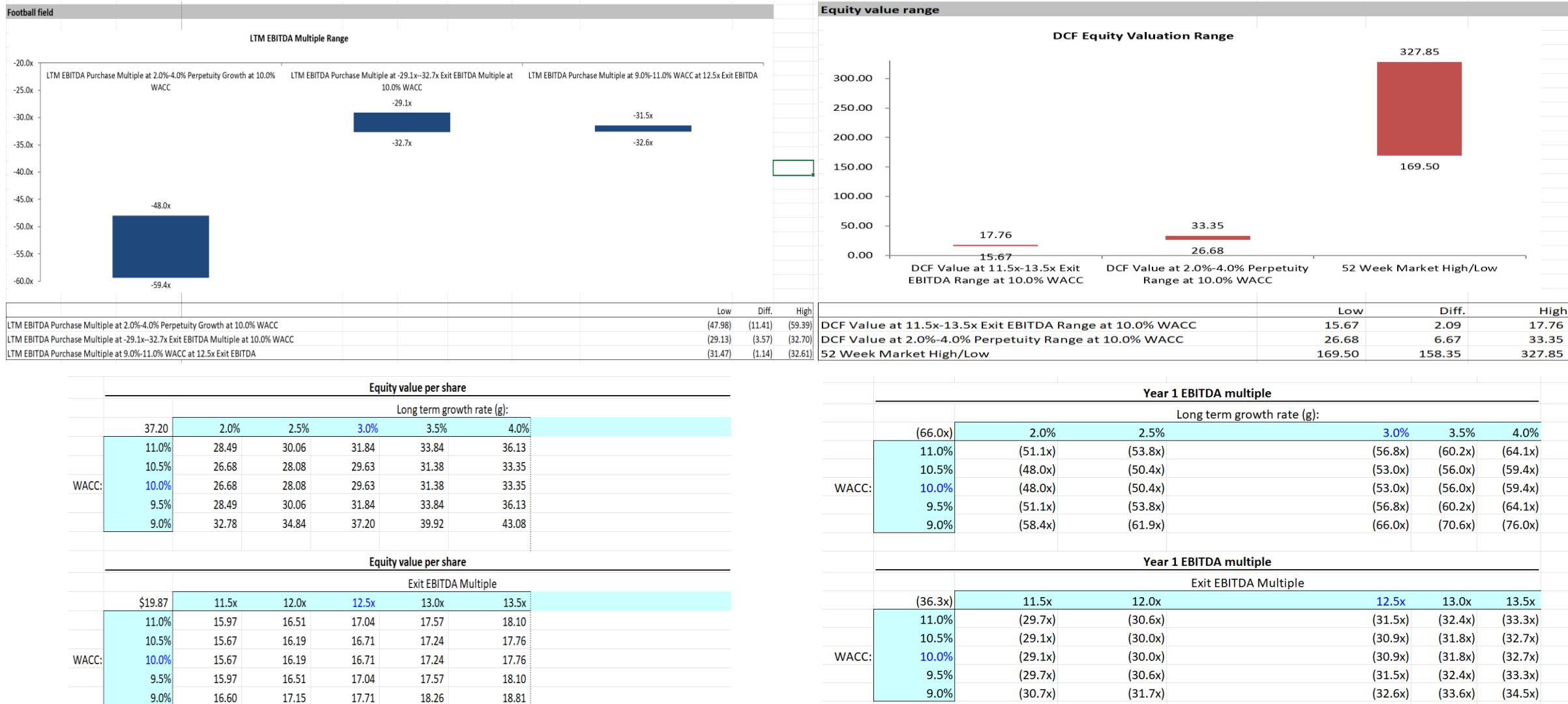
- 1 Eos 2024 is the year they built out US manufacturing footprint. Cash burn is still high because they are not monetizing scale yet
- 2 Eos launches DawnOS, there is still high CapEx since software + hardware integration is expensive, Wall street is too “casual” assuming easy profit, but EOSE is still spending
- 3 Revenue finally begins to scale faster than CapEx, only applies if they execute

EOSE's gross margin trajectory vs. peers



- EOSE starts way behind other companies (2025 is -115% EBITDA Margin) which illustrates EOSE needs manufacturing expansion and the successful release of DawnOS to catch up
- Real change happens in 2026-2027, DawnOS enables higher/efficiency and lower cost / watt-hour.
- Other companies will improve gradually: Tesla, ESS Tech, and Fluence margins slope increase slowly

Valuation



ESG, Risks, and Catalysts



ESG (Enviro., Social, Governance)

Greater Sustainability vs Lithium

- EOSE's zinc-based battery technology uses abundant, non-toxic materials compared to lithium-ion
- Manufacturing has lower carbon emissions and requires fewer environmentally harmful extraction processes
- Zinc batteries are less prone to thermal runaway, reducing safety risks ([Source](#))

Recycling Potential vs Lithium

- Zinc batteries are fully recyclable, reducing long-term environmental impact and dependency on mining
- Lithium-ion is costly and inefficient, Eos batteries can feed recycled zinc back into production at low cost
- This gives Eos a competitive edge as ESG regulations and sustainability reporting become stricter globally

RISKS

New Lithium Mines

- Expansion of lithium mining globally could increase supply, increasing the competition from lithium-ion battery companies
- This could slow adoption of alternative chemistries like zinc

Lithium Price Decrease

- If lithium prices drop, lithium-ion batteries become cheaper, making EOSE's batteries less competitive

Manufacturing Backlog

- EOSE is ramping its Pennsylvania 8 GWh facility, but production delays could delay company efficiency ([Source](#))
- Could lead to order delays and potential customer frustration

CATALYSTS

High Short Investment

- EOSE historically has high short interest, creating the potential for short squeezes
- When positive news hits, such as contracts, product deployment, rapid upward price movement is possible ([Source](#))

Realization of Commercial Pipeline

- EOSE has disclosed a \$22.6B commercial opportunity pipeline, with multiple MOUs and agreements (such as with Frontier Power, deployment of DawnOS) ([Source](#))
- Converting even a fraction into revenue could dramatically improve financials and reduce the large losses seen in Q2/Q3 2025

APPENDIX

https://home.treasury.gov/resource-center/data-chart-center/interest-rates/TextView?field_tdr_date_value=2025&type=daily_treasury_yield_curve&utm_source=chatgpt.com

Fiscal year ended	Actual		Forecasts			
	12/31/24	12/31/25	12/31/26	12/31/27	12/31/28	12/31/29
Revenue	15,606	146,088	456,816	915,460	1,487,623	1,713,741
% growth	836.1%	212.7%	100.4%	62.5%	15.2%	
EBITDA	(167,300)	(168,439)	(13,704)	194,993	507,279	472,993
% margin	(1,072.0%)	(115.3%)	(3.0%)	21.3%	34.1%	27.6%
EBIT	(175,199)	(272,308)	(81,770)	134,573	380,831	371,882
% margin	(1,122.6%)	(186.4%)	(17.9%)	14.7%	25.6%	21.7%
Tax on EBIT	0	0	0	33,576	95,017	92,785
Tax rate	0.0%	0.0%	0.0%	25.0%	25.0%	25.0%
NOPAT (aka EBIAT)	(175,199)	(272,308)	(81,770)	100,997	285,814	279,097
Depreciation & amortization	7,899	103,868	68,066	60,420	126,448	101,111
Changes in net working capital	(53,476)	12,033	28,128	(81,859)	(352,801)	(563,503)
Capital expenditures	(33,152)	(33,783)	(60,666)	(72,404)	(56,775)	(30,008)
as % of revenue	212.4%	(23.1%)	(13.3%)	(7.9%)	(3.8%)	(1.8%)
Unlevered free cash flows (UFCF)	(80,672)	(146,689)	18,834	315,680	821,838	973,719
Net working capital (WC Assets - WC liabilities)	61,461	114,937	102,904	74,776	156,635	509,436
as % of revenue	736.5%	70.4%	16.4%	17.1%	34.2%	62.6%

Terminal value - growth in perpetuity approach

Long term growth rate	3.0%
2029 FCF x (1+g)	1,002,930
Terminal value in 2029	14,237,193
Present value of terminal value	9,593,939
Present value of stage 1 cash flows	1,518,575
Total enterprise value (TEV)	11,112,514

Terminal value as % of TEV

Stage 1 cash flows as % of TEV	86.3%
Implied TV exit EBITDA multiple	13.7%
	30.1x

Net debt

Source doc	Q3 2025 10Q 9/30/2025
Source date	
Gross debt and equivalents	
Debt	448,455
Convertible debt	0
Preferred stock	0
Noncontrolling (minority) interests	0

Nonoperating assets

Cash	58,733
Equity investments	0
Net debt	389,722

Terminal value - EBITDA multiple approach

Terminal year EBITDA	472,993
EBITDA multiple	14.46x
Terminal value in 2029	6,839,473
Present value of terminal value	4,597,911
Present value of stage 1 cash flows	1,518,575
Enterprise value (stage 1 + 2)	6,116,486

Terminal value as % of TEV	75.2%
Stage 1 cash flows as % of TEV	24.8%
Implied terminal growth rate	(3.7%)

https://atlas.kpmg.com/de/en/deal-advisory-services/cost-of-capital-and-multiples/market-risk-premium-and-risk-free-rate?utm_source=chatgpt.comz

https://pages.stern.nyu.edu/~admodar/New_Home_Page/lectures/risk.html?utm_source=chatgpt.com

Valuation

	Perpetuity	EBITDA
Enterprise value	11,112,514	6,116,486
Net debt	389,722	389,722
Equity value	10,722,792	5,726,764
Shares outstanding	288,243	288,243
Equity value per share	\$37.20	\$19.87
Year 1 Multiples	Perpetuity	EBITDA
EV / Revenue	76.1x	41.9x
EV / EBITDA	(66.0)	(36.3)
EV / EBIT	(40.8)	(22.5)

WACC Buildup

\$ and shares in millions, except per share data	
Cost of capital assumptions	
Cost of debt	8.50%
Tax rate	24.95%
Cost of debt (after tax)	6.38%
Risk free rate	4.20%
Beta	1.800
Market risk premium	6.00%
Cost of equity	15.00%
Capital weights (capital structure)	
	Target
Equity	288,242.5
Debt	389,722.0
Cost of capital (WACC)	10.04%
	% of total