

16th March 2016

Utilities

## McPhy Energy

Price EUR4.89

### 2016, a year of commercial growth?

Fair Value EUR100m

CORPORATE

#### ANALYSIS

- French group McPhy posted a poor 2015 operating performance yesterday after market, reflecting still sluggish demand for its new applications. Total income from ordinary operations (including subventions) declined by **26% to EUR6.2m** compared with **EUR8.4m** last year, with revenues rising **21% to EUR3.9m** and other ordinary income falling **55% to EUR2.3m**. After demonstrating the relevance of its solutions on an industrial scale, the group decided not to participate in new subsidised projects, which weighed on the group's total revenues. The positive news is that despite this decline in total revenues, McPhy was able to post a higher EBIT margin (*still negative*), at **-EUR9.5m**, thanks to a stabilisation of staff costs and a strong decline in other operating expenses. In all, the group net loss improved slightly to **EUR9.5m** (*versus -EUR10.6m back in 2014*). During the year, McPhy was able to significantly reduced cash burn **to EUR5.5m**, (*compared to EUR13.1m in 2014*). At 31st December 2015, the Group had cash of **EUR14m**, leading to net debt of **-EUR9.6m** (*positive net cash position*) that needs to be compared with **-EUR15m** last year.

- As for 2016, the group mentioned sales growth should be high, thanks to a higher level of projects, and moves to strengthen the sales team. **2015 metrics are negative, as anticipated, although we see assume investors will appreciate the massive slowdown in cash burn, and the fairly reassuring outlook for 2016.**

#### VALUATION

- Corporate, FV @ EUR100m

#### NEXT CATALYSTS

- 26th July: H1 2016 earnings

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Xavier Caroen, xcaroen@bryangarnier.com

Bloomberg	MCPHY FP
Reuters	MCPHY.PA
12-month High / Low (EUR)	8.0 / 4.1
Market Cap (EURk)	44,308
Avg. 6m daily volume (000)	17.80

	1 M	3 M	6 M	31/12/15
Absolute perf.	13.2%	-12.1%	-12.1%	-11.1%
Utilities	2.0%	-4.1%	-0.5%	-5.9%
DJ Stoxx 600	5.9%	-5.2%	-4.4%	-6.8%

	2013	2014	2015	2016e
P/E	NS	NS	NS	15.0x
Div yield (%)	NM	NM	NM	NM

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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Beaufort House	26 Avenue des Champs Elysées	750 Lexington Avenue	rue de Grenus 7	The Imperial Hotel
15 St. Botolph Street	75008 Paris	New York, NY 10022	CP 2113	Janpath
London EC3A 7BB	Tel: +33 (0) 1 56 68 75 00	Tel: +1 (0) 212 337 7000	Genève 1, CH 1211	New Delhi 110 001
Tel: +44 (0) 207 332 2500	Fax: +33 (0) 1 56 68 75 01	Fax: +1 (0) 212 337 7002	Tel +4122 731 3263	Tel +91 11 4132 6062
Fax: +44 (0) 207 332 2559	Regulated by the	FINRA and SIPC member	Fax+4122731 3243	+91 98 1111 5119
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