

14th April 2016

Utilities

Albioma

Price EUR13.64

Signature of an amendment to Albioma's Bois-Rouge PPA

Fair Value EUR16 (+17%)

BUY

Bloomberg	ABIO.FP
Reuters	ABIO.PA
12-month High / Low (EUR)	19.6 / 11.9
Market Cap (EURm)	406
Avg. 6m daily volume (000)	24.10

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.5%	-0.1%	-11.6%	-8.8%
Utilities	1.0%	-1.3%	-2.7%	-4.4%
DJ Stoxx 600	0.2%	-0.5%	-4.3%	-6.2%

	2015	2016e	2017e	2018e
Div yield (%)	4.2%	4.2%	4.2%	6.3%

ANALYSIS

- The French independent energy producer specialized in biomass, Albioma, announced yesterday post-market that the company signed an amendment with EDF related to Albioma's Bois-Rouge plant (108MW), on Reunion Island, on 5 April 2016. This amendment comprises two types of compensation which will benefit Albioma's Bois-Rouge plant power purchase agreement with EDF:
 - A compensation for the extra cost of managing combustion by-products produced by Bois-Rouge plant. As a reminder, those extra-costs are due to a regulation enhancement that occurred in 2013 and Albioma had to carry them on its own since this date.
 - A readjustment in prices, responding to all additional costs necessary to meet the new more restrictive law concerning liquid effluent and gas emission treatment system. Born with the European Directives of 24 September 1996 (Integrated Pollution Prevention and Control Directive) and 24 November 2010 (Industrial Emissions Directive), it was recently transposed into French law.
- Positive as it confirms group's 2016 estimates are not at risk. The positive conclusions from negotiations with EDF definitively reinforce our investment case on Albioma as it confirms any additional costs are well impacted to French overseas tariffs.

VALUATION

- We confirm the Buy rating with FV unchanged at EUR16.

NEXT CATALYSTS

- Albioma 2016 Q1 results on April 27th.

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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

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