

**Volitalia**

Price EUR9.00

**Q1 2016 sales growth driven by Brazilian commissioning**

Fair Value EUR13 (+44%)

BUY

Bloomberg	MLVLT.FP
Reuters	MLVLT.PA
12-month High / Low (EUR)	10.7 / 8.3
Market Cap (EURk)	235,908
Ev (BG Estimates) (EURk)	403,085
Avg. 6m daily volume (000)	2.50
3y EPS CAGR	14.0%

The French group released strong Q1-16 sales yesterday, up to EUR18m thanks to new capacities installed in Brazil, above our expectations (EUR17m). Revenues from energy sales reached EUR17.8m (vs. EUR12.6m in Q1-15) while revenues from development and services generated EUR0.2m.

**ANALYSIS**

- Main Q1 sales metrics:** Total revenues came out at **EUR18m vs. EUR 12.8m** in Q1, i.e. an improvement of **41%**. At a constant exchange rate, especially by excluding the negative EUR/BRL effect, the growth is stated at **72%**. This increase was entirely due to energy sales which rose to **EUR17.8m vs. EUR12.6m** in Q1-16, a 41.7% increase mainly due to three wind and hybrid Brazilian plants' commissioning in June and December 2015. Simultaneously, Areia Banca's three power plants (*90MW*) entered into their 20-year electricity sale contract. French wind power plants also delivered good performance, in Vienne and Yonne, due to favourable wind conditions in addition of hydroelectric plant in French Guiana. Development and services activities, located in Greece, stabilized at **EUR0.2m**. Regarding geographical areas, Brazil was once again the major contributor with a hike to **67.2%** gathering now **EUR11.8m** of revenues in Q1-16.
- What to retain from this publication:** The group posted for the first time quarterly earnings by area and energy, allowing us to estimate at **EUR80/MWh** the revenue generate for the total group, **EUR70/MWh** for Brazilian activities, **EUR100/MWh** for Metropolitan French business and **EUR200/MWh** in French Guiana. Wind activities created **EUR59/MWh** of revenues in Q1-16.
- Conclusion:** Strong Q1-16 sales confirming the accuracy of Brazilian development. We stick to our **Buy rating on Volitalia with FV unchanged at EUR13** per share (+44%).

**VALUATION**

- At the current share price the stock is trading at 10.3x its 2016e EBITDA
- Buy, FV @ EUR13 per share

**NEXT CATALYSTS**

- 12th May – Combined Ordinary and Extraordinary General Meeting

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	1 M	3 M	6 M	31/12/15
Absolute perf.	7.9%	-5.5%	-12.1%	-11.2%
Utilities	4.8%	0.7%	-3.8%	-1.6%
DJ Stoxx 600	3.9%	2.4%	-6.3%	-4.8%

YEnd Dec. (EURk)	2014	2015e	2016e	2017e
Sales	27,609	59,455	98,246	133,664
% change		115.3%	65.2%	36.0%
EBITDA	12,536	37,158	59,509	85,702
EBIT	6,736	17,979	31,642	51,553
% change		NM	76.0%	62.9%
Net income	4,495	6,934	4,368	9,531
% change		54.3%	-37.0%	118.2%

	2014	2015e	2016e	2017e
Operating margin	45.4	62.5	60.6	64.1
Net margin	NM	NM	NM	NM
ROE	NM	NM	NM	NM
ROCE	NM	NM	NM	NM
Gearing	NM	NM	NM	NM

(EUR)	2014	2015e	2016e	2017e
EPS	0.25	0.26	0.17	0.36
% change	-	7.7%	-37.0%	118.2%
P/E	36.6x	34.0x	54.0x	24.7x
FCF yield (%)	NM	NM	NM	37.6%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	15.3x	6.8x	6.3x	4.1x
EV/EBITDA	33.7x	10.8x	10.3x	6.3x
EV/EBIT	62.7x	22.4x	19.4x	10.5x



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BUY ratings 72%

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