

# Voltaia

Price EUR8.93

An acquisition that makes sense, despite being dilutive on margin

Fair Value EUR13 (+46%)

BUY

Bloomberg	MLVLT FP
Reuters	MLVLT.PA
12-month High / Low (EUR)	10.7 / 8.3
Market Cap (EURk)	234,073
Ev (BG Estimates) (EURk)	401,250
Avg. 6m daily volume (000)	2.50
3y EPS CAGR	14.0%

Voltaia stated yesterday that it is in advanced talks with Martifer in order to buy solar PV company Martifer Solar for an EV estimated at EUR49-50m. Through this strategic and complementary move, Voltaia is therefore set to accelerate the diversification of both its international footprint and its energy mix. We confirm our Buy rating with FV unchanged at EUR13/share.

## ANALYSIS

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.4%	6.1%	-11.8%	-11.8%
Utilities	1.7%	1.4%	-1.8%	-3.3%
DJ Stoxx 600	-0.1%	-1.2%	-6.5%	-7.7%

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	36.3x	33.7x	53.5x	24.5x
FCF yield (%)	NM	NM	NM	37.9%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	15.2x	6.7x	6.2x	4.1x
EV/EBITDA	33.5x	10.8x	10.3x	6.3x
EV/EBIT	62.4x	22.3x	19.4x	10.5x

• **An acquisition that makes sense:** French renewables company Voltaia said yesterday that it is in advanced talks with **Martifer** in order to buy Portuguese solar PV company **Martifer Solar**. Voltaia aims to acquire Martifer Solar's development, construction and operation, and maintenance activities. The deal is nevertheless subject to Martifer Solar selling off its US activities which Voltaia considers non-strategic. A final agreement as well as the overall transaction should be completed in Q3 2016, for an estimated **EV of EUR49-50m** and is subject to the sale by Martifer Solar of its US assets, considered non-strategic.

• **A word on Martifer Solar:** The group's business is based on **three activities** and is specialised in solar projects: **1/** solar projects development, **2/** solar farms building and **3/** solar farms operation and maintenance (*O&M*). Since its creation, **Martifer Solar** has developed projects representing a total of **757 MW**, all sold to investors. At year-end 2015, its portfolio of projects in development included **1.34 GW** with some projects intended to be sold to third-parties, but Martifer Solar can also be in charge of their construction and operation according to investors' needs. Martifer Solar also builds solar farms for its clients, with **599 MW** of solar PV power plants commissioned over the past 10 years and **85 MW** currently in construction. As for the O&M business the company operates **585 MW** in capacities for third parties. All in all the group generated **EUR142m in sales and EUR2.1m in EBITDA (1.5% EBITDA margin)** last year and covers four continents (Europe, Africa, Asia and Latam) with a **team of 265 people** spread worldwide. Just like Voltaia, Martifer Solar develops, builds and operates renewable power plants. However, Martifer Solar has positioned itself as a service provider: its business model is therefore complementary to Voltaia's. Indeed, Martifer Solar does not own any of the power plants, which are held, thus financed, by third-party clients. **As a result, Martifer Solar's activity has a low capital content, compared to electricity production, Voltaia's core business.**

• **Conclusion:** While this deal will be highly dilutive in terms of margin for the group (*between 15% and 20% EBITDA margin after the deal, depending on the extent of synergies in procurement vs. 51% before the deal for Voltaia*) we assume it is clearly in line with the group's strategy to accelerate the diversification of both its international footprint and its energy mix. By acquiring this entity, Voltaia will then expand its presence in the solar market, a market, which is set to grow in most emerging markets, without any subsidiaries. **We confirm our Buy rating with FV unchanged for the moment at EUR13/share.**

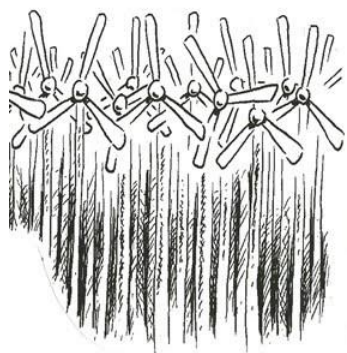
## VALUATION

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

## NEXT CATALYSTS

- 28th July: Q2 2016 sales

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