

Voltaia

Price EUR9.40

The sky is the limit**Fair Value Under Review****BUY**

Bloomberg	MLVLT FP
Reuters	MLVLT.PA
12-month High / Low (EUR)	10.5 / 8.3
Market Cap (EURk)	246,393
Ev (BG Estimates) (EURk)	413,570
Avg. 6m daily volume (000)	2.80
3y EPS CAGR	14.0%

French renewables company Voltaia reported strong H1-16 results yesterday, with revenues up 82% yoy and EBITDA margin up 850bps. As expected, the company unveiled a brand new strategy following the recent acquisition of Martifer Solar. The new objectives announced for 2019 (1GW of installed capacities, 3GW to be operated, EBITDA to reach EUR180m and 30% payout ratio with initial dividends to be paid in 2018) strengthened our positive view on the company.

ANALYSIS

- French renewables company **Voltaia** posted strong **H1-16 results** yesterday. The company reported revenues of **EUR44.7m** up **82%** yoy, mainly spurred by the commissioning of **213MW** in Brazil (*Sao Miguel do Gostoso, Oiapoque and Vamcruz*). At constant FX, revenues have doubled year-on-year. Group EBITDA reached **EUR24m**, with the EBITDA margin up **850bps** to 53.7%. Net income reached **EUR3.7m** vs. EUR3.2m in H1-15 as the increase in financial expenses (*due to new commissioning in Brazil*) partly offset the increase in EBITDA
- The company's installed capacities amount now to **451MW** notably following the earlier than expected commissioning of part of the **Vila Para** plant (*25 turbines out of 33 i.e. 75MW of new installed capacities out of the overall 99MW to be commissioned*). Installed capacities are up **20%** year-on-year. In addition, the company has c.3GW under development with a 215MW backlog (*to be built by 2019*) and 2.8GW of other projects in 23 countries to be built later.
- As expected, the company provided **some additional colour regarding the evolution of its strategy** following the recent acquisition of **Martifer Solar**. Voltaia announced the implementation of an **"M3" strategy: multi-energy (wind and solar), multi-country (29 countries) and multi-business models** (with third-party services).
- In addition, the company has announced **ambitious objectives for 2019** with **1/installed capacities to reach 1GW by 2019 (vs. initial objective of 2022); 2/operation of 3GW by 2019 (vs. 1GW as of today) inc. 2GW for third-party clients; 3/ 2019 EBITDA at EUR180m** spurred by both new commissioning and development of third-party services **and 4/ a minimum payout ratio of 30%** with initial **dividends to be paid in 2018 (for FY-17)**.
- Positive.** In our model our 2019 EBITDA estimate currently stands at **EUR103m** given we did not assume additional capacity increases on top of the **508MW capacities** historically forecast by the group. Assuming the group achieves **1GW** of installed capacities by 2019, we could raise our **EBITDA into the EUR150-180m range (depending on the assumptions taking on the region the group will invest in, the capex/MW, the technology and the inflation rate)**. This 2019 target officially implies Voltaia will need **>EUR150m** of new cash to finance the cash part of its growth capex program (*BGE of >EUR500m*). **At this stage, we confirm our Buy rating yet put our FV under review as we need more details to fully apprehend the potential new structure of the group.**

	1 M	3 M	6 M	31/12/15
Absolute perf.	0.3%	7.2%	11.6%	-7.2%
Utilities	0.0%	0.4%	-1.5%	-6.1%
DJ Stoxx 600	0.3%	4.8%	-0.1%	-6.7%

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	38.2x	35.5x	56.4x	25.8x
FCF yield (%)	NM	NM	NM	36.0%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	15.7x	7.0x	6.4x	4.1x
EV/EBITDA	34.5x	11.1x	10.5x	6.5x
EV/EBIT	64.2x	23.0x	19.8x	10.7x

VALUATION

- Buy, **FV Under Review**
- At current share price, the company trades at **6.5x** its 2017e EV/EBITDA multiple

NEXT CATALYSTS

- 27th October 2016: Q3-16 revenues

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