

24th October 2016

Utilities

ENGIE

Price EUR13.30

Hazelwood power plant likely to be closed

Fair Value EUR16,5 (+24%)

BUY

Bloomberg	ENGI FP
Reuters	ENGIE.PA
12-month High / Low (EUR)	16.6 / 12.9
Market Cap (EURm)	32,377
Avg. 6m daily volume (000)	5 378

ANALYSIS

- French newspaper Les Echos reported yesterday that **Engie has agreed the shutdown of its highly-polluting 1.5GW Hazelwood coal-fired plant in Australia**. Engie owns 72% of the plant while the remaining 28% is owned by Japanese group Mitsui. Engie is awaiting a response from Mitsui as it needs the approval of shareholders for the closure.
- **The plant dismantling could cost up to EUR1bn**, Les Echos said. Such an amount would clearly be **negative** for Engie.
- As a reminder, in our last report, we stated that **Australian thermal assets were among the most likely to be disposed of by the company** with a potential **c. EUR1bn** cash-in for Engie.
- Earlier this year, Isabelle Kocher, CEO of Engie, mentioned that **Engie was considering a sale or a closure of the Hazelwood power plant as part of its move away from coal-fired power**.
- Engie stated that **no decision had been taken so far**.

VALUATION

- At the current share price, Engie is trading at **6.4x** its 2016e EV/EBITDA multiple
- **Buy, FV @ EUR16.5**

NEXT CATALYSTS

- **10th November 2016**: Q3 2016 results

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Pierre-Antoine Chazal, pachazal@bryangarnier.com



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Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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BRYAN, GARNIER & CO

London	Paris	New York	Munich	New Delhi
Beaufort House 15 St. Botolph Street London EC3A 7BB Tel: +44 (0) 207 332 2500 Fax: +44 (0) 207 332 2559 Authorised and regulated by the Financial Conduct Authority (FCA)	26 Avenue des Champs Elysées 75008 Paris Tel: +33 (0) 1 56 68 75 00 Fax: +33 (0) 1 56 68 75 01 Regulated by the Financial Conduct Authority (FCA) and the Autorité de Contrôle prudentiel et de résolution (ACPR)	750 Lexington Avenue New York, NY 10022 Tel: +1 (0) 212 337 7000 Fax: +1 (0) 212 337 7002 FINRA and SIPC member	Widenmayerstrasse 29 80538 Munich Germany +49 89 2422 62 11	The Imperial Hotel Janpath New Delhi 110 001 Tel +91 11 4132 6062 +91 98 1111 5119 Fax +91 11 2621 9062 Geneva rue de Grenus 7 CP 2113 Genève 1, CH 1211 Tel +4122 731 3263 Fax+4122731 3243 Regulated by the FINMA

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