

Albioma

Price EUR15.05

Q3-16 revenues up 1% yoy; full-year guidance confirmed

Fair Value EUR16 (+6%)

BUY

Bloomberg	ABIO.FP
Reuters	ABIO.PA
12-month High / Low (EUR)	15.8 / 11.9
Market Cap (EURm)	455
Ev (BG Estimates) (EURm)	1,027
Avg. 6m daily volume (000)	23.70
3y EPS CAGR	14.4%

Albioma released 9M-16 revenues up 4% yoy to EUR268m. Q3-16 revenues are broadly flat mainly due to a 1% decrease in its French biomass activities whose availability had been affected by a planned overhaul. The Group finally confirmed its FY16 guidance for both EBITDA and net income metrics. As Q4-16 Brazilian production should be negatively impacted by lower sugarcane volumes, we slightly lowered our FY16 EBITDA expectations to EUR126m (vs. EUR127m initially). Buy rating maintained with unchanged FV at EUR16.

	1 M	3 M	6 M	31/12/15
Absolute perf.	-2.8%	-0.3%	9.9%	0.7%
Utilities	-1.8%	-7.3%	-4.2%	-7.8%
DJ Stoxx 600	-0.7%	0.6%	-1.0%	-6.2%

ANALYSIS

- Main 9M-16 metrics:** Albioma released this morning its 9M-16 revenues which amounted to **EUR267.6m** up 5% yoy. Q3-16 revenues reached **EUR90.5m** up 0.8% yoy. Q3-16 revenues from French biomass activities reached **EUR71.6m** down 1% yoy mainly due to the annual planned maintenance of the Gol power plant which affected the overall availability of the business. Revenues from Brazilian activities reached **EUR6.3m** over the quarter up 34% yoy due to the solid performance posted by the company's plants and to positive perimeter effect. **The lower than initially planned sugarcane crop in the area should negatively impact the Brazilian production in Q4-16.** Despite this likely production headwind, **the group confirmed its FY16 guidance** with EBITDA between **EUR122m** and **EUR130m** and net income between **EUR25m** and **EUR30m**.
- What to retain from this publication ?** H1 revenues were strongly **up 8%** yoy but this was mainly due to a favourable comparable basis following last year's rather weak availability (strike on top of technical issues occurred in French overseas). **Q3-16 revenues came broadly flat and in line with our initial expectations.** In addition, the Group still expects the **Galion 2 biomass project** to be commissioned in Q2-2017 despite the recent Court judgment which cancelled the operating authorization granted to Albioma. The Group will appeal this Court judgement as it argued the cancellation is linked to a defect in form while all the complaints from the Assaupamar environmental association have been rejected by the Court.
- We lowered by around **10%** our production expectations for the company's Brazilian installations following the shortage in sugarcane crop. **This led to a slight adjustments in our FY16 EBITDA to EUR126m vs. EUR127m initially.**
- Buy rating maintained and FV at EUR16 unchanged.**

YEnd Dec. (EURm)	2015	2016e	2017e	2018e
Sales	354.0	375.5	427.6	484.7
% change		6.1%	13.8%	13.4%
EBITDA	120	126	147	176
EBIT	76.1	73.6	88.2	113.0
% change		-3.3%	19.8%	28.2%
Net income	30.2	26.8	30.8	45.3
% change		-11.4%	15.2%	46.7%

	2015	2016e	2017e	2018e
Operating margin	21.5	19.6	20.6	23.3
Net margin	8.5	7.1	7.2	9.3
ROE	7.4	6.5	7.4	10.4
ROCE	4.7	4.5	4.7	5.5
Gearing	131.6	138.9	175.5	186.8

(EUR)	2015	2016e	2017e	2018e
EPS	1.04	0.92	1.06	1.55
% change	-	-11.4%	15.2%	46.7%
P/E	14.5x	16.4x	14.2x	9.7x
FCF yield (%)	5.9%	4.4%	NM	NM
Dividends (EUR)	0.57	0.57	0.57	0.78
Div yield (%)	3.8%	3.8%	3.8%	5.2%
EV/Sales	2.8x	2.7x	2.8x	2.6x
EV/EBITDA	8.3x	8.1x	8.1x	7.2x
EV/EBIT	13.1x	14.0x	13.5x	11.3x

VALUATION

- Buy, FV @ EUR16**
- At current share price, the stock trades at **8.6x** its 2016e EV/EBITDA multiple

NEXT CATALYSTS

- 1st March 2017:** FY16 results

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