

**Volitalia**

Price EUR9.30

**Launch of a EUR170m capital increase**

Fair Value Under Review

BUY

Bloomberg	MLVLT.FP
Reuters	MLVLT.PA
12-month High / Low (EUR)	10.5 / 8.3
Market Cap (EURk)	243,772
Ev (BG Estimates) (EURk)	678,749
Avg. 6m daily volume (000)	3.00
3y EPS CAGR	41.2%

French renewable energies company Volitalia announced this morning that it is launching a EUR170m capital increase to help fund its ambitious growth strategy, which should enable the company to reach 1GW of installed capacity by 2019. Another key objective of the rights issue will be to enlarge the company's free-float, which is still fairly limited for now (about 7%). Volitalia Investissement (owned by the Mulliez family) is expected to see its stake fall from 85% to about 70%, which should lead to a 22% free-float.

	1 M	3 M	6 M	31/12/15
Absolute perf.	-0.2%	-1.6%	3.1%	-8.2%
Utilities	-2.3%	-6.8%	-4.7%	-8.7%
DJ Stoxx 600	0.5%	0.4%	-1.2%	-7.1%

**ANALYSIS**

YEnd Dec. (EURk)	2015	2016e	2017e	2018e
Sales	58,482	129,160	280,304	291,137
% change		120.9%	117.0%	3.9%
EBITDA	30,042	55,229	87,574	95,953
EBIT	22,629	28,948	53,425	59,804
% change		27.9%	84.6%	11.9%
Net income	3,889	1,874	9,933	10,948
% change		-51.8%		10.2%

- French renewable energies company Volitalia has announced the launch of a EUR170m capital increase through a free allotment of warrants to its shareholders. Proceeds are expected to be used to fund the company's expansion as Volitalia aims to reach **1GW in installed capacity by 2019** vs. 477MW today. The price range of the capital increase is **EUR7.46-8.60** per share which implies a **7.5% to 20% discount** vs. Volitalia's recent share price (EUR9.30). New shares issued are expected to trade on the market on **8th November**.

- As the 477MW includes 7MW of UK solar assets expected to be sold by the company, the EUR170m rights issue is expected to help fund about **530MW in new capacity**. Assuming a **75/25** debt/equity funding scheme, the capital increase implies **EUR1.3m per new MW installed**, in line with sector standards.

- Development Financial Institution **PROPARCO** (subsidiary of French Development Agency) is expected to take a c. **4% stake** in Volitalia via the capital increase. This should particularly help Volitalia to speed-up its **development in Africa** where the company has strong ambitions, notably in Morocco.

- Other key objectives of this rights issue will be to **enlarge the company free-float**, which is fairly low for now (c. **7%**). Following the operation, Volitalia Investissement (owned by the Mulliez family) should therefore see its **stake decreasing from 85% to about 70%**. **Volitalia's free-float should therefore reach 22% following the operation**.

- As a reminder, following strong H1 2016 results, Volitalia announced **new operational and financial ambitions for 2019** including **1/installed capacity of 1GW** by 2019 (vs. initial objective for 2022); **2/the 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** payout ratio target of **30%** with the first dividends to be paid in 2018 (for FY-17). The company currently pays no dividend.

	2015	2016e	2017e	2018e
Operating margin	51.4	42.8	31.2	33.0
Net margin	NM	NM	NM	NM
ROE	NM	NM	NM	NM
ROCE	NM	NM	NM	NM
Gearing	NM	NM	NM	NM

(EUR)	2015	2016e	2017e	2018e
EPS	0.15	0.07	0.38	0.42
% change	-	-51.8%		10.2%
P/E	62.7x	NS	24.5x	22.3x
FCF yield (%)	NM	NM	25.2%	11.3%
Dividends (EUR)	0.00	0.00	0.00	0.00
Div yield (%)	NM	NM	NM	NM
EV/Sales	8.5x	5.3x	2.4x	2.3x
EV/EBITDA	16.6x	12.3x	7.7x	7.1x
EV/EBIT	22.0x	23.4x	12.6x	11.4x

**VALUATION**

- At the current share price, Volitalia is trading at **12.0x its 2016e EV/EBITDA multiple**
- Buy, FV Under Review

**NEXT CATALYSTS**

- 17th November:** Q3 2016 results

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