

Voltaia

Price EUR8.11

Starting to play with the big boys (report released today)

Fair Value EUR15,5 vs. EUR13 (+91%)

BUY

Bloomberg	MLVLT FP
Reuters	MLVLT.PA
12-month High / Low (EUR)	10.3 / 8.0
Market Cap (EURk)	396,928
Ev (BG Estimates) (EURk)	902,299
Avg. 6m daily volume (000)	5.20
3y EPS CAGR	50.7%

Following both impressive H1-16 results and the unveiling of ambitious objectives for 2019, we have reviewed our model in order to integrate the new capacity to be installed in 2017 and beyond as well as the full integration of Martifer Solar, recently acquired by Voltaia. We are now broadly in line with the company's new guidance (EUR178m vs. EUR180m for 2019e EBITDA) and are confident on Voltaia's ability to continue its solid pace of commissioning. We have increased our FV by c. 19% to EUR15.5. Buy rating confirmed.

	1 M	3 M	6 M	31/12/15
Absolute perf.	-14.4%	-15.1%	-5.6%	-19.9%
Utilities	0.7%	-7.5%	-5.5%	-10.1%
DJ Stoxx 600	-1.4%	-1.9%	1.0%	-8.4%

ANALYSIS

- Following **solid H1-16 results** posted by Voltaia (revenues up 82% yoy and EBITDA margin up 850bps yoy to 53.7%), the announcement of **new ambitious objectives for 2019** – inherent to the **recent acquisition** of solar PV company **Martifer Solar** – and the completion of an **EUR170m capital increase** aiming at funding these objectives, we have **reviewed our model** and notably integrated the new capacity to be installed by the company in 2017 and beyond.
- We are now slightly below Voltaia's target for 2019e EBITDA (EUR178m vs. EUR180m) but due only to a small discrepancy in the "others/corporate" contribution. As for the energy sales business, our estimates came above Voltaia's EBITDA guidance at EUR168m (vs. EUR165m). **All in all, we remain confident on the company's ability to continue its solid pace of commissioning and appreciate the enhanced visibility provided by the company on 2016 and beyond.**
- We now value Voltaia using an equally-weighted combination of two methods (DCF and EV/EBITDA multiple). **We set out three scenarios** depending on the **minority stake** in the company's new projects. Our base case implies a **EUR15.5 FV** – vs. EUR13 – i.e. c. **90% theoretical upside** vs. the current share price. **Our alternative scenarios imply EUR16.0** of equity value per share ("high-minorities" scenario) and **EUR15.2** of equity value per share ("no minorities" scenario) both representing **significant upside** vs. the current share price. **Buy rating confirmed.**

YEnd Dec. (EURk)	2015	2016e	2017e	2018e
Sales	58,482	158,938	298,500	354,762
% change			87.8%	18.8%
EBITDA	30,042	62,038	84,928	119,545
EBIT	22,629	36,608	43,138	69,879
% change		61.8%	17.8%	62.0%
Net income	3,889	5,088	5,950	24,861
% change		30.8%	16.9%	

	2015	2016e	2017e	2018e
Operating margin	51.4	39.0	28.5	33.7
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	0.10	0.12	0.51
% change		-29.9%	16.9%	
P/E	54.6x	78.0x	66.7x	16.0x
FCF yield (%)	NM	NM	NM	NM
Dividends (EUR)	0.00	0.00	0.02	0.08
Div yield (%)	NM	NM	0.2%	0.9%
EV/Sales	15.5x	5.7x	3.5x	3.2x
EV/EBITDA	30.3x	14.5x	12.3x	9.4x
EV/EBIT	40.2x	24.6x	24.2x	16.1x

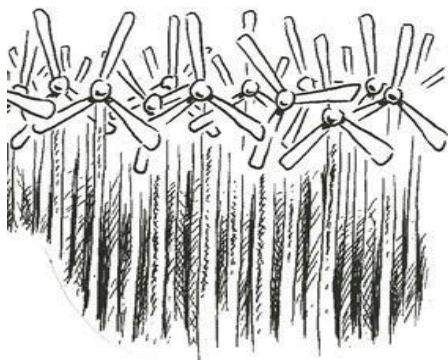
VALUATION

- At current share price, the stock currently trades at **14.5x** its 2016e EV/EBITDA multiple
- Buy, FV @ EUR15.5**

NEXT CATALYSTS

- 17th November:** Q3-16 results

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