

Falck Renewables

Italy/Utilities

Buy

Recommendation unchanged

Share price: EUR 0.88

closing price as of 30/05/2016

Target price: EUR 1.40

Target Price unchanged

Reuters/Bloomberg

AA4.MI/FKRIM

Market capitalisation (EURm)	256
Current N° of shares (m)	291
Free float	40%
Daily avg. no. trad. sh. 12 mth	197,978
Daily avg. trad. vol. 12 mth (m)	172
Price high 12 mth (EUR)	1.27
Price low 12 mth (EUR)	0.78
Abs. perf. 1 mth	-9.43%
Abs. perf. 3 mth	-4.51%
Abs. perf. 12 mth	-27.10%

Key financials(EUR)	12/15	12/16e	12/17e
Sales (m)	277	258	282
EBITDA (m)	152	125	145
EBITDA margin	55.0%	48.5%	51.5%
EBIT (m)	66	56	73
EBIT margin	23.9%	21.8%	25.8%
Net Profit(adj.)(m)	5	1	10
ROCE	4.4%	2.6%	3.4%
Net debt/(cash) (m)	630	651	625
Net Debt/Equity	1.2	1.3	1.2
Debt/EBITDA	4.1	5.2	4.3
Int. cover(EBITDA/Fin. int)	3.4	2.8	3.3
EV/Sales	3.6	3.7	3.2
EV/EBITDA	6.6	7.7	6.3
EV/EBITDA (adj.)	6.6	7.7	6.3
EV/EBIT	15.2	17.1	12.6
P/E (adj.)	nm	nm	26.0
P/BV	0.7	0.6	0.6
OpFCF yield	13.7%	-3.4%	15.2%
Dividend yield	5.1%	4.0%	4.0%
EPS (adj.)	0.02	0.00	0.03
BVPS	1.62	1.58	1.58
DPS	0.05	0.04	0.04



Source: Factset FALCK RENEWABLES Stoxx Europe 600 (Rebased)

Shareholders: Falck SpA 60%;

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Kingsburn wind farm in operation

The facts: Falck Renewables has announced that Kingsburn Wind Farm, located 20Km west of Stirling in central Scotland (United Kingdom) is, ahead of the forecasted time, now in operation.

Our analysis: the plant consists of nine N90/2500 Nordex wind turbines and has an installed capacity of 22.5MW, generating nearly 75,000MWh per annum. The renewable energy produced is the equivalent to the energy consumed by approximately 17,800 homes and will save almost 32,000 tonnes of CO2 per year.

The entrance in operation of the wind farm is consistent with the targets announced in the business plan. More in detail, on top of the Kingsburn wind farm, the company has two projects under construction in Scotland for about 61MW (25MW expected in Q4 16/Q1 17, 36MW in late Q1 17).

Conclusion & Action: with the completion of the additional two wind farms under construction, total installed capacity will reach roughly 413MW in the U.K. This is positive news for the stock, even though the current unfavourable price trends (both in Italy and in the UK) are due to affect 2016 figures. We reiterate our positive stance on Falck Renewables. In our view, in fact, the declining results expected for the year are already priced in the current market valuation. We remind readers that at the current market price the implied installed capacity value is nearly EUR 1.2m per MW, which is well below the EUR 2m per MW crystallised in the CII deal.