



## Company Flash Note

## Reason: Estimates revision

22 July 2020

### Buy

Recommendation unchanged

Share price: EUR 13.70

closing price as of 21/07/2020

Target price: EUR 16.61

from Target Price: EUR 13.50

Upside/Downside Potential 21.2%

Reuters/Bloomberg

GRN.MC/GRN.SM

Market capitalisation (EURm) 291

Current N° of shares (m) 21

Free float 11%

Daily avg. no. trad. sh. 12 mth 14

Daily avg. trad. vol. 12 mth (m) 272.87

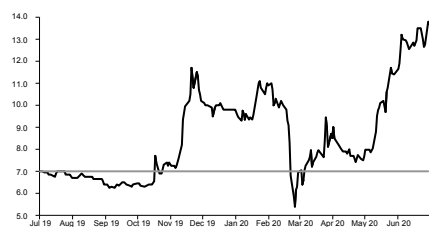
Price high/low 12 months 13.80 / 5.40

Abs Perfs 1/3/12 mths (%) 20.18/60.80/95.71

Key financials (EUR)	12/19	12/20e	12/21e
Sales (m)	40	73	105
EBITDA (m)	3	19	35
EBITDA margin	8.3%	25.5%	33.3%
EBIT (m)	1	12	24
EBIT margin	3.3%	16.7%	22.6%
Net Profit (adj.)(m)	0	9	15
ROCE	0.5%	3.1%	3.2%
Net debt/(cash) (m)	184	289	528
Net Debt Equity	nm	nm	nm
Net Debt/EBITDA	55.4	15.4	15.1
Int. cover(EBITDA/Fin.int)	2.8	5.4	4.3
EV/Sales	9.6	7.9	7.8
EV/EBITDA	nm	31.0	23.4
EV/EBITDA (adj.)	nm	31.0	23.4
EV/EBIT	nm	47.4	34.5
P/E (adj.)	nm	33.7	18.8
P/BV	nm	46.9	16.4
OpFCF yield	-40.5%	-31.8%	-76.6%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.00	0.41	0.73
BVPS	(0.01)	0.29	0.84
DPS	0.00	0.00	0.00

### Shareholders

Founder family 84%; JM Castellano 5%;



Source: FactSet

GREENALIA MAB (Rebased)

### Analyst(s)

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## Valuing the pipeline

The value of renewable project portfolios with visibility, has in our opinion been enhanced thanks to the following aspects: a) the latest law ordering the expansion of renewables; b) the fact the European reconstruction plan sets investments in renewables as one of the pillars for recovery; and c) growing interest of large energy groups in accelerating their expansion in renewables as proven by the high quality of operations announced.

- ✓ In May, Greenalia updated its projects portfolio to 2,935MW, with almost 2GW with grid access. This level has increased from 2,279MW announced in October 2019.

Greenalia: Pipeline April 2020

MW	Under Construction	Backlog	Grid Access	Early Stage	Total
Wind	50	128	1,311	746	2,235
SPV			600	0	600
Biomasa	0		50	50	100
Total	50	128	1,961	796	2,935
Greenalia					

- ✓ Greenalia's projects portfolio differs from other companies in the fact it is entirely focused in Spain and has a combination of wind and solar projects, which are the predominant projects of other companies.
- ✓ In addition to the external factors mentioned, such as value boosters in the portfolio, the successful execution of projects, visibility in the portfolio also increases: a) Greenalia has successfully and easily undertaken its two first projects, the Curtis biomass plant (50MW) and Miñon wind farm (24MW); b) has under construction and thus financed another 50MW wind; and c) is negotiating financing and final permits for another 128M wind that could start up in 2021.
- ✓ The appeal of Greenalia's operating and project wind farms is the high wind resource; that in the case of 24MW in operation is reaching around 38% compared to the national average of 24% which is also the average load factor for PV farms.
- ✓ We have updated our price hypotheses on projects in course and future ones. Our estimated sale price on Greenalia's wind farms comes to EUR39/MWh and EUR35/MWh in PV. We also adjusted the contribution schedule from projects under development, as we expect the bottle neck in granting permits and elections in Galicia, have produced a very small delay, of some 6 months in the contribution from the first projects to results.
- ✓ Net debt in 2019 was 184 mEUR and gross debt was 204 mEUR. 160 mEUR are non-recourse debt of which 107 mEUR correspond to the Curtis plant (investment of 135 mEUR), 36 mEUR to the Eolo MOC project finance and 17 mEUR to projects under development. The debt associated with traditional businesses is 30 mEUR.
- ✓ Our valuation is the average of: a) discounted cash flow generated in the utile life of projects considered (50MW biomass; 800MW wind and 430MW PV); b) individual valuation of each project; and c) valuation based on the value of the pipeline.



## Greenalia: Summary tables

PROFIT & LOSS (EURm)	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
<b>Sales</b>	<b>35.0</b>	<b>35.4</b>	<b>40.3</b>	<b>73.3</b>	<b>105</b>	<b>141</b>
Cost of Sales & Operating Costs	-33.1	-33.1	-37.0	-54.6	-70.2	-82.2
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>1.9</b>	<b>2.3</b>	<b>3.3</b>	<b>18.7</b>	<b>35.0</b>	<b>59.3</b>
<b>EBITDA (adj.)*</b>	<b>1.9</b>	<b>2.3</b>	<b>3.3</b>	<b>18.7</b>	<b>35.0</b>	<b>59.3</b>
Depreciation	-0.6	-1.1	-1.8	-6.5	-11.2	-19.0
<b>EBITA</b>	<b>1.3</b>	<b>1.3</b>	<b>1.5</b>	<b>12.2</b>	<b>23.7</b>	<b>40.3</b>
<b>EBITA (adj)*</b>	<b>1.3</b>	<b>1.3</b>	<b>1.5</b>	<b>12.2</b>	<b>23.7</b>	<b>40.3</b>
Amortisations and Write Downs	-0.0	0.1	-0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>12.2</b>	<b>23.7</b>	<b>40.3</b>
<b>EBIT (adj.)*</b>	<b>1.3</b>	<b>1.3</b>	<b>1.3</b>	<b>12.2</b>	<b>23.7</b>	<b>40.3</b>
Net Financial Interest	-0.5	-1.0	-1.2	-3.5	-8.2	-12.9
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings Before Tax (EBT)</b>	<b>0.8</b>	<b>0.3</b>	<b>0.2</b>	<b>8.8</b>	<b>15.6</b>	<b>27.4</b>
Tax	-0.0	0.2	-0.1	-2.2	-3.9	-6.9
<i>Tax rate</i>	<i>6.4%</i>	<i>n.m.</i>	<i>58.8%</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.0%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
<b>Net Profit (reported)</b>	<b>0.6</b>	<b>0.4</b>	<b>-0.1</b>	<b>6.5</b>	<b>11.6</b>	<b>20.4</b>
<b>Net Profit (adj.)</b>	<b>0.7</b>	<b>0.2</b>	<b>0.0</b>	<b>8.6</b>	<b>15.5</b>	<b>27.3</b>
CASH FLOW (EURm)	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Cash Flow from Operations before change in NWC	1.3	1.5	2.1	13.1	22.9	39.5
Change in Net Working Capital	-2.3	2.0	4.5	-2.5	-2.6	-4.0
<b>Cash Flow from Operations</b>	<b>-1.0</b>	<b>3.5</b>	<b>6.5</b>	<b>10.6</b>	<b>20.3</b>	<b>35.6</b>
Capex	-2.3	-77.8	-88.2	-103.0	-243.0	-286.9
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Free Cash Flow</b>	<b>-3.3</b>	<b>-74.3</b>	<b>-81.7</b>	<b>-92.4</b>	<b>-222.7</b>	<b>-251.3</b>
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	3.0	0.0	-9.2	-12.0	-16.5	-26.0
NOPLAT	1.0	1.0	1.0	9.2	17.8	30.2
BALANCE SHEET & OTHER ITEMS (EURm)	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
Net Tangible Assets	7.4	87.9	182	278	510	778
Net Intangible Assets (incl. Goodwill)	3.0	4.5	4.7	16.7	33.2	59.2
Net Financial Assets & Other	1.1	2.1	4.5	4.5	4.5	4.5
<b>Total Fixed Assets</b>	<b>11.5</b>	<b>94.5</b>	<b>191</b>	<b>299</b>	<b>548</b>	<b>842</b>
Inventories	2.4	3.9	3.2	5.8	8.3	11.2
Trade receivables	5.3	7.6	3.4	6.3	9.0	12.1
Other current assets	3.4	0.2	0.4	0.4	0.4	0.4
Cash (-)	-8.6	-10.6	-19.8	-19.8	-19.8	-19.8
<b>Total Current Assets</b>	<b>19.6</b>	<b>22.4</b>	<b>26.8</b>	<b>32.3</b>	<b>37.5</b>	<b>43.5</b>
<b>Total Assets</b>	<b>31.1</b>	<b>117</b>	<b>218</b>	<b>332</b>	<b>585</b>	<b>885</b>
Shareholders Equity	4.0	2.6	-0.3	6.2	17.8	38.2
Minority	0.6	0.5	0.6	0.7	0.8	0.9
<b>Total Equity</b>	<b>4.6</b>	<b>3.1</b>	<b>0.3</b>	<b>6.9</b>	<b>18.6</b>	<b>39.1</b>
Long term interest bearing debt	10.3	81.9	183	262	466	701
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.1	9.1	7.2	7.2	7.2	7.2
<b>Total Long Term Liabilities</b>	<b>10.3</b>	<b>91.0</b>	<b>190</b>	<b>269</b>	<b>473</b>	<b>708</b>
Short term interest bearing debt	12.5	16.4	21.4	46.3	82.1	124
Trade payables	3.5	5.9	6.0	9.0	11.6	13.6
Other current liabilities	0.1	0.6	0.2	0.2	0.2	0.2
<b>Total Current Liabilities</b>	<b>16.2</b>	<b>22.9</b>	<b>27.6</b>	<b>55.4</b>	<b>93.9</b>	<b>138</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>31.1</b>	<b>116.9</b>	<b>217.8</b>	<b>331.7</b>	<b>585.2</b>	<b>885.1</b>
<b>Net Capital Employed</b>	<b>18.9</b>	<b>99.9</b>	<b>191.8</b>	<b>302.8</b>	<b>553.6</b>	<b>851.5</b>
<b>Net Working Capital</b>	<b>7.4</b>	<b>5.3</b>	<b>0.9</b>	<b>3.4</b>	<b>6.0</b>	<b>10.0</b>
GROWTH & MARGINS	12/2017	12/2018	12/2019	12/2020e	12/2021e	12/2022e
<i>Sales growth</i>	<i>18.0%</i>	<i>1.2%</i>	<i>13.7%</i>	<i>82.0%</i>	<i>43.5%</i>	<i>34.4%</i>
<b>EBITDA (adj.)* growth</b>	<b>82.6%</b>	<b>22.0%</b>	<b>43.9%</b>	<b>462.6%</b>	<b>86.9%</b>	<b>69.4%</b>
<i>EBITA (adj.)* growth</i>	<i>119.9%</i>	<i>-4.2%</i>	<i>18.4%</i>	<i>719.6%</i>	<i>94.2%</i>	<i>69.7%</i>
<i>EBIT (adj.)* growth</i>	<i>90.6%</i>	<i>1.1%</i>	<i>2.1%</i>	<i>811.4%</i>	<i>94.2%</i>	<i>69.7%</i>



## Greenalia: Summary tables

<b>GROWTH &amp; MARGINS</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Net Profit growth	806.4%	-77.3%	-73.4%	19900.4%	78.8%	76.5%
EPS adj. growth	-86.9%	-77.3%	-73.4%	19900.3%	78.8%	76.5%
DPS adj. growth						
EBITDA (adj)* margin	5.4%	6.5%	8.3%	25.5%	33.3%	41.9%
EBITA (adj)* margin	3.8%	3.6%	3.7%	16.7%	22.6%	28.5%
EBIT (adj)* margin	3.7%	3.7%	3.3%	16.7%	22.6%	28.5%
<b>RATIOS</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Net Debt/Equity	3.1	n.m.	n.m.	n.m.	n.m.	n.m.
Net Debt/EBITDA	7.5	37.9	55.4	15.4	15.1	13.6
Interest cover (EBITDA/Fin.interest)	3.6	2.3	2.8	5.4	4.3	4.6
Capex/D&A	374.5%	7792.8%	4788.5%	1585.9%	2160.7%	1510.7%
Capex/Sales	6.6%	219.6%	218.8%	140.5%	230.9%	202.8%
NWC/Sales	21.1%	15.1%	2.2%	4.6%	5.7%	7.0%
ROE (average)	26.1%	4.9%	3.7%	290.9%	129.0%	97.5%
ROCE (adj.)	5.5%	1.0%	0.5%	3.1%	3.2%	3.6%
WACC	7.0%	7.0%	7.0%	6.0%	6.0%	6.0%
ROCE (adj.)/WACC	0.8	0.1	0.1	0.5	0.5	0.6
<b>PER SHARE DATA (EUR)***</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Average diluted number of shares	21.2	21.2	21.2	21.2	21.2	21.2
EPS (reported)	0.03	0.02	0.00	0.30	0.54	0.96
EPS (adj.)	0.03	0.01	0.00	0.41	0.73	1.28
BVPS	0.19	0.12	-0.01	0.29	0.84	1.80
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<b>VALUATION</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
EV/Sales	1.9	6.8	9.6	7.9	7.8	7.7
EV/EBITDA	35.0	n.m.	n.m.	31.0	23.4	18.5
<b>EV/EBITDA (adj.)*</b>	<b>35.0</b>	<b>n.m.</b>	<b>n.m.</b>	<b>31.0</b>	<b>23.4</b>	<b>18.5</b>
EV/EBITA	50.5	192.7	258.8	47.4	34.5	27.2
<b>EV/EBITA (adj.)*</b>	<b>50.5</b>	<b>192.7</b>	<b>258.8</b>	<b>47.4</b>	<b>34.5</b>	<b>27.2</b>
EV/EBIT	51.1	n.m.	n.m.	47.4	34.5	27.2
<b>EV/EBIT (adj.)*</b>	<b>51.1</b>	<b>n.m.</b>	<b>n.m.</b>	<b>47.4</b>	<b>34.5</b>	<b>27.2</b>
<b>P/E (adj.)</b>	<b>n.m.</b>	<b>n.m.</b>	<b>n.m.</b>	<b>33.7</b>	<b>18.8</b>	<b>10.7</b>
P/BV	13.1	60.0	n.m.	46.9	16.4	7.6
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	3.7	2.5	2.1	1.9	1.5	1.3
OpFCF yield	-6.3%	-47.9%	-40.5%	-31.8%	-76.6%	-86.4%
OpFCF/EV	-5.0%	-30.6%	-21.2%	-15.9%	-27.2%	-22.9%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EV AND MKT CAP (EURm)</b>	<b>12/2017</b>	<b>12/2018</b>	<b>12/2019</b>	<b>12/2020e</b>	<b>12/2021e</b>	<b>12/2022e</b>
Price** (EUR)	2.46	7.30	9.50	13.70	13.70	13.70
Outstanding number of shares for main stock	21.2	21.2	21.2	21.2	21.2	21.2
<b>Total Market Cap</b>	<b>52</b>	<b>155</b>	<b>202</b>	<b>291</b>	<b>291</b>	<b>291</b>
<b>Net Debt</b>	<b>14</b>	<b>88</b>	<b>184</b>	<b>289</b>	<b>528</b>	<b>805</b>
<i>o/w Cash &amp; Marketable Securities (-)</i>	-9	-11	-20	-20	-20	-20
<i>o/w Gross Financial Debt (+)</i>	23	98	204	308	548	825
<i>o/w Lease Liabilities (+)</i>						
<b>Other EV components</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Enterprise Value (EV adj.)</b>	<b>66</b>	<b>243</b>	<b>386</b>	<b>580</b>	<b>819</b>	<b>1,096</b>

Source: Company, GVC Gaesco Valores estimates.

### Notes

\* Where EBITDA (adj.) or EBITA (adj.)= EBITDA (or EBITA) +/- Non Recurrent Expenses/Income and where EBIT (adj.)= EBIT +/- Non Recurrent Expenses/Income - PPA amortisation

Sector: Utilities/Alternative Electricity

Company Description: Renewable developer with projects in biomass, SPV and on-shore wind. Also have industrial, logistic activity related with wood, with clients in the pulp industry.



Information regarding Market Abuse and Conflicts of Interests and recommendation history available in our web page: [www.valores.gvcgaesco.es](http://www.valores.gvcgaesco.es) and our offices

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#### Recommendation history for GREENALIA

Date	Recommendation	Target price	Price at change date
12-Feb-20	Buy	13.50	11.00
11-Jun-19	Buy	9.25	6.75

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows GVC Gaesco Valores continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Victor Peiro Pérez (since 30/05/2019)



## ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

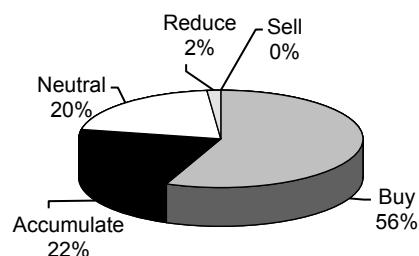
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

### Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12-month
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12-month
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12-month
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12-month
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12-month
- **Rating Suspended:** the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.
- **Not Rated:** there is no rating for a stock when there is a termination of coverage of the stocks or a company being floated (IPO) by a Member of ESN or a related party of the Member.

Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

### GVC Gaesco Valores, S.V., S.A. Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

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