

## EQUITY RESEARCH

## FRANÇAISE DE L'ENERGIE

## RESULTS REVIEW

## Company call

BUY

TP 70.0€

Up/Downside: 155%

## Compelling vision, strategy and execution

While the stock has significantly and persistently underperformed, the operational rigor, encouraging outlook, and valuation now incorporating a "worst-case scenario" compel us to maintain our BUY recommendation. Our expectations lead us to a target price of €70.

## Strong resilience: solid results in a deteriorated environment

For FY24, revenue published in July was revised down from €34.2 m to €31.4 m, as the assets in Bosnia (a 45 MW photovoltaic plant) acquired from Greenstat have been accounted for under the equity method (not meeting the conditions for full consolidation). Their contribution to EBITDA (€1.9 m) remains intact, resulting in an EBITDA of €19.7 m, which is below consensus (€20.9 m) but aligns with our forecasts. Despite deflationary price and volume effects, all operational metrics demonstrate excellent control: EBITDA margin at 63% (-5 points, but already far exceeding the 2030 target of 49%), EBIT margin at 51% (a gain of 10 points), and a stable net margin at 31%.

## Financial resources aligned with ambitions

With the ability to raise debt (green bonds, impact loans) at favorable rates and a gross cash position of €47.6 m (financial leverage at 1.7x), the group is well-positioned to support the development of its extensive project pipeline (detailed in the focus from June 17) and seize opportunities for external growth.

## Rich project pipeline securing growth and positive newsflow

The outlook remains attractive due to the rapid deployment capability of cogeneration, although it is somewhat marred in the short term by delays in obtaining permits, particularly in France. This exogenous factor constrains management's ability to provide medium-term visibility, with their objectives now pushed out to 2030: revenue >€175 m, EBITDA €85 m. Nonetheless, the flow of news appears abundant, whether from the hydrogen sector (subsidies; partnerships likely to provide valuation) or M&A (with interesting opportunities, particularly as their German competitor STEAG seems open to selling its cogeneration assets).

## Solid profile and prospects but a valuation hard to justify

FDE features, on one hand, a strong growth and results history, a secured project portfolio poised to more than quintuple its size, robust financial health, and recurring cash flows. On the other hand, its market valuation is completely disconnected from its fundamental value (derived from DCF), reflected in significantly discounted multiples. Therefore, our strong conviction in the BUY recommendation is reiterated.

TP ICAP Midcap Estimates	06/23	06/24e	06/25e	06/26e	Valuation Ratio	06/24e	06/25e	06/26e
Sales (m €)	39.2	34.2	36.2	79.5	EV/Sales	5.3	5.4	3.6
Current Op Inc (m €)	24.8	15.9	16.9	33.9	EV/EBITDA	9.5	9.1	6.3
Current op. Margin (%)	63.3	46.5	46.7	42.7	EV/EBIT	11.3	11.6	8.3
EPS (€)	2.45	2.16	2.36	4.49	PE	12.8	11.6	6.1
DPS (€)	0.00	0.00	0.00	0.00				
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	5.1	4.4	-8.8	-83.7				

Source: TPICAP Midcap

## Research partially paid by the Issuer

## Key data

Price (€)	27.5
Industry	Utilities
Ticker	FDE-FR
Shares Out (m)	5.183
Market Cap (m €)	142.5
Next event	RA FY 2023-24: 23 10 24

Source: FactSet

## Ownership (%)

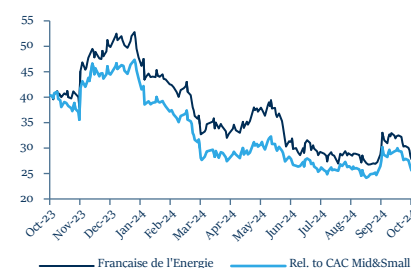
Julien Moulin	15.3
Autres (>3% du capital)	25.0
Auto-contrôle	3.3
Free float	56.4

Source: TPICAP Midcap estimates

EPS (€)	06/24e	06/25e	06/26e
Estimates	2.16	2.36	4.49
Change vs previous estimates (%)	0.00	0.00	0.00

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-2.1	-11.1	-46.3
Rel CAC Mid&Small	-1.6	-9.9	-44.1



Source: FactSet

Consensus FactSet - Analysts:4	06/24e	06/25e	06/26e
Sales	35.7	45.7	69.6
EBIT	16.5	20.2	34.8
Net income	10.0	13.5	24.1

## Analyst

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**FINANCIAL DATA**

<b>Income Statement</b>	<b>06/21</b>	<b>06/22</b>	<b>06/23</b>	<b>06/24e</b>	<b>06/25e</b>	<b>06/26e</b>
Sales	10.2	26.2	39.2	34.2	36.2	79.5
Changes (%)	30.3	156.2	49.6	-12.8	5.8	119.6
Gross profit	6.3	20.3	35.1	29.1	32.6	65.2
% of Sales	61.6	77.6	89.4	85.1	90.2	82.1
<b>EBITDA</b>	<b>2.9</b>	<b>15.1</b>	<b>27.3</b>	<b>19.0</b>	<b>21.6</b>	<b>44.8</b>
% of Sales	28.2	57.6	69.7	55.5	59.7	56.4
<b>Current operating profit</b>	<b>1.1</b>	<b>14.3</b>	<b>24.8</b>	<b>15.9</b>	<b>16.9</b>	<b>33.9</b>
% of Sales	10.3	54.4	63.3	46.5	46.7	42.7
Non-recurring items	-0.1	-1.1	-8.1	0.0	0.0	0.0
EBIT	1.4	13.1	16.7	15.9	16.9	33.9
Net financial result	-1.2	-4.6	-1.8	-2.3	-2.3	-2.3
Income Tax	0.1	-2.5	-2.5	-2.7	-3.0	-7.9
Tax rate (%)	-32.1	25.7	17.0	20.0	20.4	25.0
<b>Net profit, group share</b>	<b>0.3</b>	<b>7.3</b>	<b>12.7</b>	<b>11.2</b>	<b>12.3</b>	<b>23.3</b>
EPS	0.50	1.41	2.45	2.16	2.36	4.49
<b>Financial Statement</b>	<b>06/21</b>	<b>06/22</b>	<b>06/23</b>	<b>06/24e</b>	<b>06/25e</b>	<b>06/26e</b>
Goodwill	0.0	5.8	4.6	18.1	18.1	18.1
Tangible and intangible assets	89.9	99.3	101.9	109.3	136.5	251.3
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	1.8	1.8	1.8	1.8	1.8	1.8
Working capital	-7.7	-3.7	-3.4	-1.0	-0.8	-5.2
Other Assets	2.1	1.7	3.8	3.8	3.8	3.8
<b>Assets</b>	<b>86.2</b>	<b>104.8</b>	<b>108.7</b>	<b>132.0</b>	<b>159.4</b>	<b>269.7</b>
Shareholders equity group	55.3	63.3	74.0	85.1	97.2	120.4
Minorities	-0.0	-0.2	-0.3	-0.5	-1.0	-0.4
LT & ST provisions and others	4.4	3.5	3.2	3.2	3.2	3.2
Net debt	20.1	31.8	25.1	37.4	53.3	139.8
Other liabilities	6.4	6.4	6.7	6.7	6.7	6.7
<b>Liabilities</b>	<b>86.2</b>	<b>104.8</b>	<b>108.7</b>	<b>132.0</b>	<b>159.4</b>	<b>269.7</b>
Net debt excl. IFRS 16	20.1	31.8	25.1	37.4	53.3	139.8
Gearing net	0.4	0.5	0.3	0.4	0.6	1.2
Leverage	7.0	2.1	0.9	2.0	2.5	3.1
<b>Cash flow statement</b>	<b>06/21</b>	<b>06/22</b>	<b>06/23</b>	<b>06/24e</b>	<b>06/25e</b>	<b>06/26e</b>
CF after elimination of net borrowing costs and taxes	2.4	9.2	15.7	15.7	23.0	36.3
$\Delta$ WCR	4.4	-4.0	-0.3	-2.4	-0.2	4.5
Operating cash flow	6.8	5.2	15.3	13.3	22.8	40.7
Net capex	-10.0	-10.9	-10.2	-8.9	-31.6	-124.4
FCF	-3.2	-5.6	5.1	4.4	-8.8	-83.7
Acquisitions/Disposals of subsidiaries	-0.1	-2.1	0.0	-13.5	0.0	0.0
Other investments	0.5	-3.2	1.7	-13.5	0.0	0.0
Change in borrowings	7.3	22.9	8.1	42.3	10.0	35.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of leasing debt	0.0	0.0	0.0	0.0	0.0	0.0
Equity Transaction	0.0	0.0	-3.2	0.0	0.0	na
Others	0.0	0.0	-0.1	0.0	0.0	0.0
Change in net cash over the year	4.5	14.0	11.6	33.2	1.2	-48.7
ROA (%)	0.2%	5.1%	9.2%	6.6%	5.7%	5.6%
ROE (%)	0.5%	11.4%	17.2%	13.1%	12.6%	19.3%
ROCE (%)	3.0%	31.2%	25.7%	25.0%	28.9%	na

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2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
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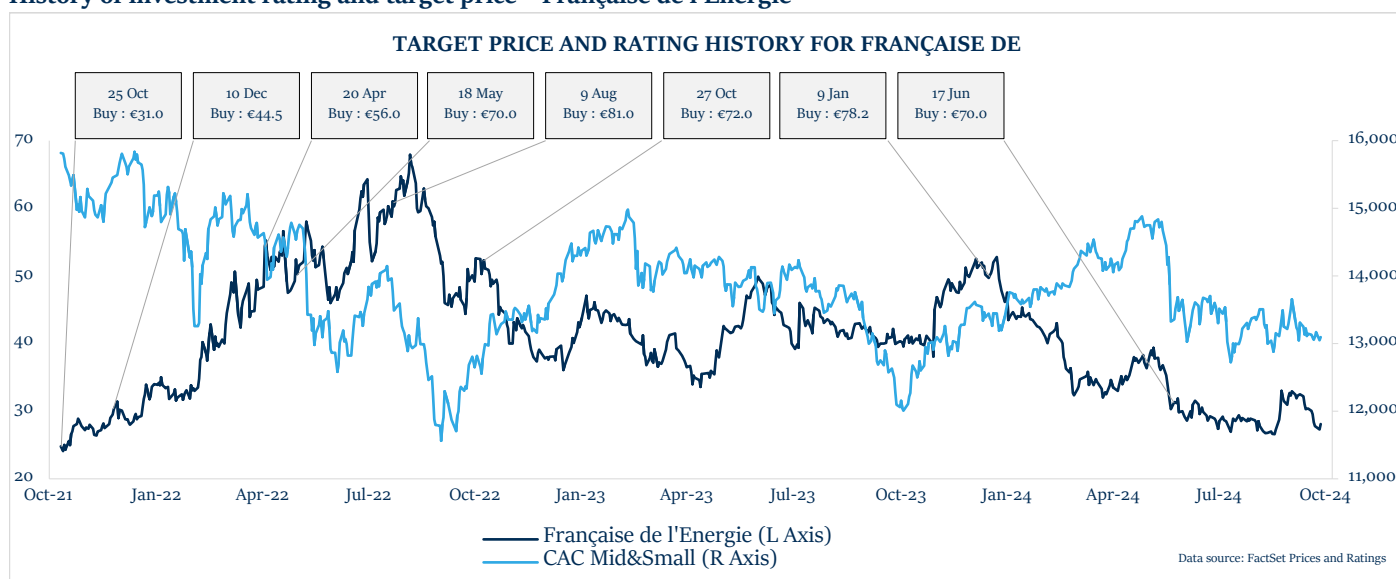
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Hold	17%	67%
Sell	2%	0%
Under review	2%	100%

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