

# La Française de l'Energie

Outperform → | Target price : 52.0 €

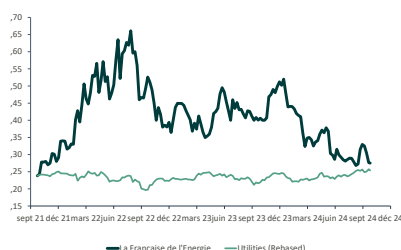
Price (23/10/2024) : 27.50 € | Upside : 89%

Revision	06/24e	06/25e
EPS	16.9%	7.3%

## Earnings slightly below forecasts, impacted by GRTgaz

Publication date 24/10/2024 07:31

Writing date 24/10/2024 07:26



Sources : ODDO BHF Securities, SIX

Share data	
FDE FP   FDEL.PA	
Market Cap (€m)	142
Enterprise value (€m)	206
Extrema 12 months (€)	26.60 - 52.80
Free Float (%)	64.0

Performance (%)	1m	3m	12m
Absolute	-11.1	-3.8	-31.8
Perf. rel. Country Index	-11.6	-4.5	-43.1
Perf. rel. Utilities	-10.6	-10.4	-42.2

P&L	06/24e	06/25e	06/26e
Sales (€m)	31.4	41.8	61.7
EBITDA (€m)	19.7	25.4	36.5
Current EBIT (€m)	15.9	19.7	26.5
Attr. net profit (€m)	9.7	10.1	14.6
Adjusted EPS (€)	1.94	2.02	2.92
Dividend (€)	0.00	0.00	0.00
P/E (x)	21.1	13.6	9.4
P/B (x)	2.5	1.5	1.3
Dividend Yield (%)	0.0	0.0	0.0
FCF yield (%)	7.1	ns	ns
EV/Sales (x)	7.17	4.92	3.80
EV/EBITDA (x)	11.4	8.1	6.4
EV/Current EBIT (x)	14.2	10.4	8.8
Gearing (%)	34	89	104
Net Debt/EBITDA (x)	1.2	2.8	2.7

### Next Events

23/10/2024	FY Results
24/10/2024	Q1 Sales

### 2024 earnings slightly below forecasts, impacted by the lasting unavailability of the GRTgaz network

FDE yesterday evening published its full-year results (year to end-June 2024). The sales already reported in July were adjusted to € 31.5m vs € 34.2m due to the equity-accounting of the Greenstat asset in Bosnia according to the IFRS 10 standard which was initially fully consolidated. This adjustment of -€ 2.7m at the sales level has no impact on EBITDA, which came to € 19.7m, down 26% vs last year and below the consensus' forecasts at € 20.9m. The decline relative to last year can be explained by that of the average electricity and gas selling prices and by the new unavailability of the GRTgaz network since May 2024, which had a heavy impact on gas volumes. The group has filed legal proceedings against GRTgaz to demand compensation for the damage suffered and expects a response in January/February 2025. EBIT stood at € 15.9m vs our forecasts and those of the consensus at € 16.2m and attributable net profit at € 9.7m, vs the consensus' forecasts at € 10.3m and our forecasts, which factored in higher amortisation, at € 8.3m. At 30 June 2024, the group had a net cash situation of € 47.6m (up € 4.7m vs 2023) and limited net debt at € 33.5m, giving a net debt/EBITDA ratio of 1.7x.

### 2024 results

€ m	2024p	FactSet consensus	Diff. rep./cons.	N-1
Sales	31.5	34.2	-8%	39.2
EBITDA	19.7	20.9	-6%	26.7
EBIT	15.9	16.2	-2%	16.1
Attr. net profit	9.7	10.3	-6%	12.0

Sources: ODDO BHF Securities, company

### Still waiting for authorisation for the new CHP, progressing according to the plan in biogas and green hydrogen

As for the new co-generation sites expected in France in 2025 (4 CHP), the group has not yet obtained the necessary authorisation from the authorities and still hopes to receive this soon from the new administration set up few weeks ago, but still has no visibility on the provisional date. Regarding the other imminent projects, the group cited the commissioning expected by end-2024 of the ground-mounted solar plant of 5.8 MWc in Engene, Norway. As for biogas, FDE indicated that it continues to make progress on the construction of a new production unit for 100 GWh per year in Stavanger, Norway, with commissioning expected for end-2025. In green hydrogen, the first 20 MW phase of the Greenstat project in Agder is making good progress with commissioning expected at end-2026. As a reminder, these projects are integrated into our estimates, in line with this timeline. The group confirmed its 2030 targets (sales > € 175m and EBITDA > € 85m). Bear in mind that our sales and EBITDA forecasts are still 22% below these targets.

### Outperform recommendation and target price of € 52.0 maintained

We maintain our Outperform recommendation and our target price of € 52. The stock has had a rough ride since the start of the year due to permit delays, the decline in gas volumes related to the GRTgaz works and the downturn in gas and electricity prices, which now seem to be stabilising at more favourable levels than at the start of the year. In terms of the valuation, the stock is trading at 2025-2026e EV/EBITDA multiples of 7.3x (on average), giving a discount of over 30% relative to the renewable IPP companies. The group is set to report its Q1 2025 sales today after trading and will hold a conference call on Monday 28 October at 4 p.m. CET.

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**FDEL.PA | FDE PF**  
**Electricity & Gas | France**

**Outperform**

Price 27.50 €

Upside 89.09%

TP 52.0 €

PER SHARE DATA (€)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Adjusted EPS	0.16	0.01	0.05	1.40	2.29	1.94	2.02	2.92
Reported EPS	0.16	0.01	0.05	1.40	2.29	1.94	2.02	2.92
Growth in adjusted EPS	ns	-94.5%	ns	ns	63.9%	-15.3%	3.9%	44.5%
Net dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FCF to equity per share	-0.43	-0.40	-1.68	-0.66	2.30	2.93	-8.15	-3.83
Book value per share	10.52	10.55	10.61	12.29	14.36	16.73	18.76	21.68
Number of shares market cap (m)	5.15	5.15	5.15	5.15	5.15	5.00	5.00	5.00
Number of diluted shares (m)	5.15	5.15	5.15	5.15	5.15	5.00	5.00	5.00
VALUATION (€m)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
12m highest price (€)	18.90	18.65	20.50	31.40	67.90	52.50	52.80	
12m lowest price (€)	8.20	11.30	13.30	19.50	29.30	33.60	26.60	
(*) Reference price (€)	14.13	16.71	19.33	33.56	46.31	41.09	27.50	27.50
Capitalization	72.8	86.1	99.6	173	239	205	138	138
Restated Net debt	12.3	15.6	26.3	31.8	25.1	24.4	71.7	99.1
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	0.0	3.4	2.8	3.5	5.6	5.6	5.6	5.6
Provisions	4.8	1.0	1.0	1.6	1.2	1.2	2.2	3.2
<b>Enterprise Value</b>	<b>89.9</b>	<b>99.3</b>	<b>124</b>	<b>203</b>	<b>259</b>	<b>225</b>	<b>206</b>	<b>234</b>
P/E (x)	86.5	ns	405	24.0	20.2	21.1	13.6	9.4
P/CF (x)	28.8	223	29.7	22.4	9.8	9.5	6.5	4.1
Net Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	ns	ns	ns	ns	5.0%	7.1%	ns	ns
P/B incl. GW (x)	1.34	1.58	1.82	2.73	3.23	2.46	1.47	1.27
P/B excl. GW (x)	ns	ns	ns	ns	36.80	8.95	4.16	2.88
EV/Sales (x)	11.36	12.64	12.12	7.73	6.61	7.17	4.92	3.80
EV/EBITDA (x)	39.5	94.0	53.6	12.4	9.7	11.4	8.1	6.4
EV/Current EBIT (x)	64.4	ns	90.5	14.2	11.3	14.2	10.4	8.8
(*) historical average price								
PROFIT AND LOSS (€m)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Sales	7.9	7.9	10.2	26.2	39.2	31.4	41.8	62
EBITDA	2.3	1.1	2.3	16.4	26.7	19.7	25.4	36.5
Depreciations	-0.9	-1.2	-0.9	-2.1	-3.8	-3.8	-5.6	-10.0
<b>Current EBIT</b>	<b>1.4</b>	<b>-0.1</b>	<b>1.4</b>	<b>14.3</b>	<b>22.9</b>	<b>15.9</b>	<b>19.7</b>	<b>26.5</b>
Published EBIT	1.4	-0.1	1.4	14.3	16.1	15.9	19.7	26.5
Net financial income	-0.5	-0.6	-1.2	-4.6	-1.8	-3.9	-5.9	-6.8
Corporate Tax	0.0	0.8	0.1	-2.5	-2.5	-2.8	-3.3	-4.6
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.0	0.0	0.0	0.0	0.6	-0.5	-0.5
Attributable net profit	0.8	0.0	0.2	7.2	11.8	9.7	10.1	14.6
<b>Adjusted attributable net profit</b>	<b>0.8</b>	<b>0.0</b>	<b>0.2</b>	<b>7.2</b>	<b>11.8</b>	<b>9.7</b>	<b>10.1</b>	<b>14.6</b>
BALANCE SHEET (€m)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Goodwill	69.7	69.8	69.8	76.0	67.5	67.5	67.5	67.5
Other intangible assets	0.0	0.0	0.0	0.0	0.8	0.8	0.8	0.8
Tangible fixed assets	9.2	10.8	22.3	29.0	38.2	33.4	88.1	129
WCR	-3.4	-2.3	-2.3	-2.1	-2.0	-0.2	1.5	2.9
Financial assets	2.2	3.4	2.8	3.5	5.6	5.6	6.6	7.6
Ordinary shareholders equity	54.2	54.4	54.7	63.3	74.0	83.7	93.8	108
Minority interests	0.0	-0.1	0.0	-0.2	-0.3	-12.1	-13.2	-13.2
Shareholders equity	54.2	54.3	54.7	63.1	73.7	71.5	80.5	95.1
Non-current provisions	11.1	11.7	11.7	11.5	11.2	11.2	12.2	13.2
<b>Net debt</b>	<b>12.3</b>	<b>15.6</b>	<b>26.3</b>	<b>31.8</b>	<b>25.1</b>	<b>24.4</b>	<b>71.7</b>	<b>99.1</b>
CASH FLOW STATEMENT (€m)	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
EBITDA	2.3	1.1	2.3	16.4	26.7	19.7	25.4	36.5
Change in WCR	-0.3	0.4	0.0	0.3	-2.2	3.9	-0.6	-0.5
Interests & taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.2	-0.7	1.0	-8.6	-2.4	1.9	-4.3	-2.7
Operating Cash flow	2.2	0.8	3.4	8.0	22.1	25.4	20.4	33.3
CAPEX	-4.4	-2.9	-12.0	-11.4	-10.2	-10.8	-61.2	-52.5
<b>Free cash-flow</b>	<b>-2.2</b>	<b>-2.1</b>	<b>-8.7</b>	<b>-3.4</b>	<b>11.9</b>	<b>14.7</b>	<b>-40.8</b>	<b>-19.2</b>
Acquisitions / disposals	-0.2	-0.1	0.0	-1.9	0.1	-12.6	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net capital increase	0.0	0.0	0.0	0.0	-3.0	2.0	4.0	6.0
Others	0.7	0.3	0.0	1.8	-2.3	0.0	-3.0	0.0
Change in net cash	-2.6	-3.3	-10.6	-5.5	6.6	0.8	-47.3	-27.4
GROWTH MARGINS PRODUCTIVITY	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Sales growth	19.0%	-0.7%	30.3%	ns	49.6%	-19.8%	33.1%	47.5%
Lfl sales growth	-	-	-	-	-	-	-	-
Current EBIT growth	ns	ns	ns	ns	60.7%	-30.7%	24.2%	34.3%
Growth in adjusted EPS	ns	-94.5%	ns	ns	63.9%	-15.3%	3.9%	44.5%
Net margin	10.6%	0.6%	2.4%	27.5%	30.1%	30.9%	24.1%	23.7%
<b>EBITDA margin</b>	<b>28.8%</b>	<b>13.4%</b>	<b>22.6%</b>	<b>62.5%</b>	<b>68.1%</b>	<b>62.7%</b>	<b>60.6%</b>	<b>59.1%</b>
<b>Current EBIT margin</b>	<b>17.6%</b>	<b>-1.8%</b>	<b>13.4%</b>	<b>54.4%</b>	<b>58.4%</b>	<b>50.5%</b>	<b>47.1%</b>	<b>42.9%</b>
CAPEX / Sales	-55.7%	-37.6%	ns	-43.8%	-26.1%	-34.3%	ns	-85.0%
WCR / Sales	-43.0%	-29.3%	-22.2%	-8.2%	-5.2%	-0.6%	3.5%	4.7%
Tax Rate	4.2%	ns	-40.6%	25.6%	17.7%	23.5%	23.5%	23.5%
Normative tax rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Asset Turnover	0.1	0.1	0.1	0.3	0.4	0.3	0.3	0.3
<b>ROCE post-tax (normative tax rate)</b>	<b>1.4%</b>	<b>-0.1%</b>	<b>1.2%</b>	<b>11.1%</b>	<b>16.6%</b>	<b>11.6%</b>	<b>11.4%</b>	<b>11.1%</b>
ROCE post-tax hors GW (normative tax rate)	25.4%	-1.5%	7.2%	45.5%	53.9%	33.6%	23.8%	17.8%
ROE	1.6%	0.1%	0.5%	12.2%	17.2%	12.3%	11.4%	14.4%
DEBT RATIOS	06/19	06/20	06/21	06/22	06/23	06/24e	06/25e	06/26e
Gearing	23%	29%	48%	50%	34%	34%	89%	ns
Net Debt / Market Cap	0.17	0.18	0.26	0.18	0.11	0.12	0.52	0.72
<b>Net debt / EBITDA</b>	<b>5.42</b>	<b>14.80</b>	<b>11.35</b>	<b>1.94</b>	<b>0.94</b>	<b>1.24</b>	<b>2.83</b>	<b>2.72</b>
EBITDA / net financial charges	4.6	2.0	1.9	3.6	15.2	5.0	4.3	5.4

Sources: ODDO BHF Securities, SIX



• **Valuation method**

Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on ODDO BHF' website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

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• **Our stock market recommendations**

Our stock market recommendations reflect the RELATIVE performance expected for each stock on a 12-month timeframe.

Outperform: performance expected to exceed that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Underperform: performance expected to fall short of that of the benchmark index, sectoral (large caps) or other (small and mid caps).

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**Recommendation and target price changes history over the last 12 months for the company analysed in this re**

Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
12/07/24	Outperform	52.00	29.90	Anis Zgaya
22/03/24	Outperform	55.00	32.35	Anis Zgaya
23/11/23	Outperform	65.00	45.00	Anis Zgaya

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**Recommendation split**

		Outperform	Neutral	Underperform
Our whole coverage	(712)	50%	41%	9%
Liquidity providers coverage	(78)	44%	49%	8%
Research service coverage	(50)	58%	32%	10%
Investment banking services	(41)	61%	34%	5%

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