

Company Flash Note

Buy			
<i>Recommendation unchanged</i>			
Share price: EUR		19.00	
<i>closing price as of 27/01/2021</i>			
Target price: EUR		23.40	
<i>Target Price unchanged</i>			
Upside/Downside Potential		23.2%	
<i>Reuters/Bloomberg</i>			
			GRN.MC/GRN.SM
Market capitalisation (EURm)		403	
Current N° of shares (m)		21	
Free float		11%	
Daily avg. no. trad. sh. 12 mth (k)		13	
Daily avg. trad. vol. 12 mth (k)		400.81	
Price high/low 12 months		21.30 / 5.40	
Abs Perfs 1/3/12 mths (%)		18.01/33.80/104.30	
Key financials (EUR)	12/19	12/20e	12/21e
Sales (m)	40	68	97
EBITDA (m)	3	14	28
EBITDA margin	8.3%	20.0%	28.5%
EBIT (m)	1	9	19
EBIT margin	3.3%	12.6%	19.7%
Net Profit (adj.)(m)	0	5	12
ROCE	0.5%	2.6%	3.5%
Net debt/(cash) (m)	184	241	399
Net Debt Equity	nm	nm	nm
Net Debt/EBITDA	55.4	17.7	14.4
Int. cover(EBITDA/Fin.int)	2.8	3.5	4.0
EV/Sales	9.6	9.2	8.3
EV/EBITDA	nm	45.9	29.0
EV/EBITDA (adj.)	nm	45.9	29.0
EV/EBIT	nm	73.2	42.0
P/E (adj.)	nm	nm	33.6
P/BV	nm	nm	33.4
OpFCF yield	-40.5%	-11.9%	-35.9%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.00	0.21	0.56
BVPS	(0.01)	0.15	0.57
DPS	0.00	0.00	0.00

Shareholders

Founder family 84%; JM Castellano 5%;



Analyst(s)

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Reason: Company newsflow

28 January 2021

Adjudicación de 135MW eólicos terrestres

Greenalia ha sido la segunda empresa que más adjudicación de potencia eólica terrestre ha obtenido en la subasta realizada por el Gobierno, con 135 MW, el 13,5% del total adjudicado.

Spain January 2021 renewable auction

Compañía	Awarded Wind	
	MW	Avg. Price (EUR/MW)
Capital Energy	625	
Greenalia	135	
Elawan	105	
EDP	45	
Enerfin	40	
Naturgy	38	
Eurus	14	
TOTAL	998	25.31

- ✓ El precio conseguido para un máximo de 12 años es de 28,49 EUR/MWh para 109,3MW y 28,89 EUR/MWh para 25 MW, que ha sido el más elevado de la subasta de eólica terrestre. La empresa que más potencia ha conseguido se ha adjudicado la mayor parte de esa potencia entre 23 y 26 EUR/MWh.
- ✓ Greenalia destinará esos MW conseguidos al desarrollo de proyectos de la segunda fase de su plan de inversiones, EOLO II, ya que estos parques tienen que estar en funcionamiento como tarde en febrero de 2024.
- ✓ Las empresas adjudicatarias tendrán ahora 6 meses para identificar los proyectos y 12 meses para acreditar la autorización administrativa. Pero Greenalia va por delante ya que los parques están identificados y en fases avanzadas de tramitación y ya en exposición pública.
- ✓ Incluyendo los 50MW de biomasa en funcionamiento Greenalia tiene ahora 259,5 MW en operación, construcción o inicio de construcción y con estos 135MW obtenidos suman 394MW con una visibilidad total, que forman parte de un pipeline de 4GW, con presencia en eólica terrestre, off-shore, biomasa y FV.
- ✓ Dado que los proyectos ganados en la subasta estarán en Galicia, como todos los eólicos terrestres de Greenalia, el recurso eólico puede superar las 3.800 horas, estimamos una TIR de proyecto a ese precio conseguido de alrededor del 7%, que con apalancamiento alcanzaría más del 15%.

Project IRR sensitivity on selling price and Capex/MW

Capex/Value/MW	Selling Price (EUR/MWh)													
	20.0	18.6	20.6	22.6	24.6	26.6	28.6	30.6	32.6	34.6	36.6	38.6	40.6	42.6
1,550,000	1.1%	0.6%	1.3%	2.0%	2.6%	3.1%	3.6%	4.1%	4.6%	5.0%	5.5%	5.9%	6.3%	6.8%
1,500,000	1.3%	0.8%	1.5%	2.2%	2.8%	3.4%	3.9%	4.4%	4.8%	5.3%	5.7%	6.2%	6.6%	7.0%
1,400,000	1.8%	1.3%	2.0%	2.7%	3.3%	3.9%	4.4%	4.9%	5.4%	5.9%	6.3%	6.8%	7.2%	7.7%
1,300,000	2.3%	1.8%	2.5%	3.2%	3.8%	4.4%	4.9%	5.5%	6.0%	6.5%	7.0%	7.5%	7.9%	8.4%
1,200,000	2.9%	2.4%	3.1%	3.8%	4.4%	5.0%	5.6%	6.1%	6.7%	7.2%	7.7%	8.2%	8.7%	9.2%
1,100,000	3.5%	3.0%	3.8%	4.4%	5.1%	5.7%	6.3%	6.9%	7.4%	8.0%	8.5%	9.1%	9.6%	10.2%
1,000,000	4.2%	3.7%	4.4%	5.1%	5.8%	6.5%	7.1%	7.7%	8.3%	8.9%	9.5%	10.1%	10.7%	11.3%
950,000	4.6%	4.1%	4.8%	5.5%	6.2%	6.9%	7.6%	8.2%	8.9%	9.5%	10.1%	10.7%	11.3%	11.9%
900,000	5.0%	4.5%	5.2%	6.0%	6.7%	7.4%	8.1%	8.8%	9.4%	10.1%	10.7%	11.3%	12.0%	12.6%
850,000	5.5%	4.9%	5.7%	6.5%	7.2%	7.9%	8.7%	9.4%	10.0%	10.7%	11.4%	12.0%	12.7%	13.3%
800,000	5.9%	5.4%	6.2%	7.0%	7.8%	8.5%	9.3%	10.0%	10.7%	11.4%	12.1%	12.8%	13.5%	14.2%
750,000	6.5%	5.9%	6.8%	7.6%	8.4%	9.2%	10.0%	10.7%	11.5%	12.2%	13.0%	13.7%	14.4%	15.2%
700,000	7.1%	6.5%	7.4%	8.3%	9.1%	9.9%	10.8%	11.6%	12.4%	13.2%	13.9%	14.7%	15.5%	16.2%

GVC Gaesco Estimates

Greenalia: Summary tables

	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
PROFIT & LOSS (EURm)						
Sales	35.4	40.3	68.1	97.0	115	169
Cost of Sales & Operating Costs	-33.1	-37.0	-54.5	-69.4	-77.8	-88.5
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	2.3	3.3	13.6	27.6	37.7	80.6
EBITDA (adj.)*	2.3	3.3	13.6	27.6	37.7	80.6
Depreciation	-1.1	-2.0	-5.1	-8.6	-11.7	-26.2
EBITA	1.3	1.3	8.6	19.1	26.0	54.3
EBITA (adj)*	1.3	1.3	8.6	19.1	26.0	54.3
Amortisations and Write Downs	0.1	-0.0	0.0	0.0	0.0	0.0
EBIT	1.3	1.3	8.6	19.1	26.0	54.3
EBIT (adj.)*	1.3	1.3	8.6	19.1	26.0	54.3
Net Financial Interest	-1.0	-1.2	-3.9	-7.0	-13.7	-18.2
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
Earnings Before Tax (EBT)	0.3	0.2	4.7	12.1	12.3	36.1
Tax	0.2	-0.1	-1.2	-3.0	-3.1	-9.0
<i>Tax rate</i>	<i>n.m.</i>	<i>58.8%</i>	<i>25.0%</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
Net Profit (reported)	0.4	-0.1	3.4	9.0	9.1	27.0
Net Profit (adj.)	0.2	0.0	4.5	12.0	12.2	36.0
CASH FLOW (EURm)						
Cash Flow from Operations before change in NWC	1.5	2.1	8.6	17.6	20.9	53.3
Change in Net Working Capital	2.0	4.5	-1.9	-2.4	-1.7	-7.1
Cash Flow from Operations	3.5	6.5	6.7	15.3	19.2	46.2
Capex	-77.8	-88.2	-52.7	-160.3	-344.4	-251.9
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	-74.3	-81.7	-46.0	-145.0	-325.2	-205.7
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	0.0	-9.2	-10.9	-12.7	-22.7	-31.8
Change in Net Debt	-74	-91	-57	-158	-348	-237
NOPLAT	1.0	1.0	6.4	14.3	19.5	40.8
BALANCE SHEET & OTHER ITEMS (EURm)						
Net Tangible Assets	87.9	182	229	381	714	939
Net Intangible Assets (incl. Goodwill)	4.5	4.7	15.6	28.3	51.0	82.8
Net Financial Assets & Other	2.1	4.5	4.5	4.5	4.5	4.5
Total Fixed Assets	94.5	191	249	414	769	1,027
Inventories	3.9	3.2	5.4	7.7	9.1	13.4
Trade receivables	7.6	3.4	5.8	8.3	9.9	14.5
Other current assets	0.2	0.4	0.4	0.4	0.4	0.4
Cash (-)	-10.6	-19.8	-19.8	-19.8	-19.8	-19.8
Total Current Assets	22.4	26.8	31.4	36.2	39.2	48.0
Total Assets	117	218	281	450	808	1,075
Shareholders Equity	2.6	-0.3	3.1	12.1	21.2	48.2
Minority	0.5	0.6	0.7	0.8	0.9	1.1
Total Equity	3.1	0.3	3.8	12.9	22.1	49.2
Long term interest bearing debt	81.9	183	222	356	652	853
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	9.1	7.2	7.2	7.2	7.2	7.2
Total Long Term Liabilities	91.0	190	229	363	659	861
Short term interest bearing debt	16.4	21.4	39.1	62.8	115	151
Trade payables	5.9	6.0	8.7	11.1	12.5	14.2
Other current liabilities	0.6	0.2	0.2	0.2	0.2	0.2
Total Current Liabilities	22.9	27.6	48.0	74.1	128	165
Total Liabilities and Shareholders' Equity	116.9	217.8	280.9	450.0	808.5	1,074.8
Net Capital Employed	99.9	191.8	252.2	419.0	776.1	1,040.6
Net Working Capital	5.3	0.9	2.8	5.1	6.8	13.9
GROWTH & MARGINS						
<i>Sales growth</i>	<i>1.2%</i>	<i>13.7%</i>	<i>69.1%</i>	<i>42.4%</i>	<i>19.0%</i>	<i>46.4%</i>
EBITDA (adj.)* growth	22.0%	43.9%	310.1%	102.6%	36.3%	113.8%
<i>EBITA (adj.)* growth</i>	<i>-4.2%</i>	<i>2.0%</i>	<i>565.8%</i>	<i>123.1%</i>	<i>36.2%</i>	<i>109.0%</i>
<i>EBIT (adj.)* growth</i>	<i>1.1%</i>	<i>2.1%</i>	<i>537.8%</i>	<i>123.1%</i>	<i>36.2%</i>	<i>109.0%</i>

Greenalia: Summary tables

GROWTH & MARGINS	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
Net Profit growth	-77.3%	-73.4%	10393.4%	164.5%	1.4%	196.0%
EPS adj. growth	-77.3%	-73.4%	10393.4%	164.5%	1.4%	196.0%
DPS adj. growth						
EBITDA (adj)* margin	6.5%	8.3%	20.0%	28.5%	32.6%	47.6%
EBITA (adj)* margin	3.6%	3.2%	12.6%	19.7%	22.5%	32.1%
EBIT (adj)* margin	3.7%	3.3%	12.6%	19.7%	22.5%	32.1%
RATIOS	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
Net Debt/Equity	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Net Debt/EBITDA	37.9	55.4	17.7	14.4	19.8	12.2
Interest cover (EBITDA/Fin.interest)	2.3	2.8	3.5	4.0	2.7	4.4
Capex/D&A	7792.8%	4305.6%	1034.8%	1873.6%	2951.2%	961.3%
Capex/Sales	219.6%	218.8%	77.3%	165.2%	298.3%	149.0%
NWC/Sales	15.1%	2.2%	4.0%	5.3%	5.9%	8.2%
ROE (average)	4.9%	3.7%	317.1%	157.9%	73.2%	103.9%
ROCE (adj.)	1.0%	0.5%	2.6%	3.5%	2.5%	3.9%
WACC	7.0%	7.0%	6.0%	6.0%	6.0%	6.0%
ROCE (adj.)/WACC	0.1	0.1	0.4	0.6	0.4	0.7
PER SHARE DATA (EUR)***	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
Average diluted number of shares	21.2	21.2	21.2	21.2	21.2	21.2
EPS (reported)	0.02	0.00	0.16	0.42	0.43	1.27
EPS (adj.)	0.01	0.00	0.21	0.56	0.57	1.70
BVPS	0.12	-0.01	0.15	0.57	1.00	2.27
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
EV/Sales	6.8	9.6	9.2	8.3	10.0	8.2
EV/EBITDA	n.m.	n.m.	45.9	29.0	30.5	17.2
EV/EBITDA (adj.)*	n.m.	n.m.	45.9	29.0	30.5	17.2
EV/EBITA	192.7	300.4	73.2	42.0	44.2	25.5
EV/EBITA (adj.)*	192.7	300.4	73.2	42.0	44.2	25.5
EV/EBIT	n.m.	n.m.	73.2	42.0	44.2	25.5
EV/EBIT (adj.)*	n.m.	n.m.	73.2	42.0	44.2	25.5
P/E (adj.)	n.m.	n.m.	n.m.	33.6	33.2	11.2
P/BV	60.0	n.m.	n.m.	33.4	19.1	8.4
Total Yield Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE	2.5	2.1	2.5	1.9	1.5	1.3
OpFCF yield	-47.9%	-40.5%	-11.9%	-35.9%	-80.6%	-51.0%
OpFCF/EV	-30.6%	-21.2%	-7.3%	-18.1%	-28.3%	-14.8%
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%
EV AND MKT CAP (EURm)	12/2018	12/2019	12/2020e	12/2021e	12/2022e	12/2023e
Price** (EUR)	7.30	9.50	18.15	19.00	19.00	19.00
Outstanding number of shares for main stock	21.2	21.2	21.2	21.2	21.2	21.2
Total Market Cap	155.0	201.7	385.4	403.4	403.4	403.4
Gross Financial Debt (+)	98.3	204.1	261.0	418.7	766.6	1,004.0
Cash & Marketable Securities (-)	-10.6	-19.8	-19.8	-19.8	-19.8	-19.8
Net Financial Debt	87.7	184.3	241.2	398.9	746.8	984.2
Lease Liabilities (+)						
Net Debt	87.7	184.3	241.2	398.9	746.8	984.2
Other EV components	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value (EV adj.)	242.7	386.0	626.6	802.3	1,150.2	1,387.7

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

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

***EPS (adj.) diluted = Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

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 and our offices

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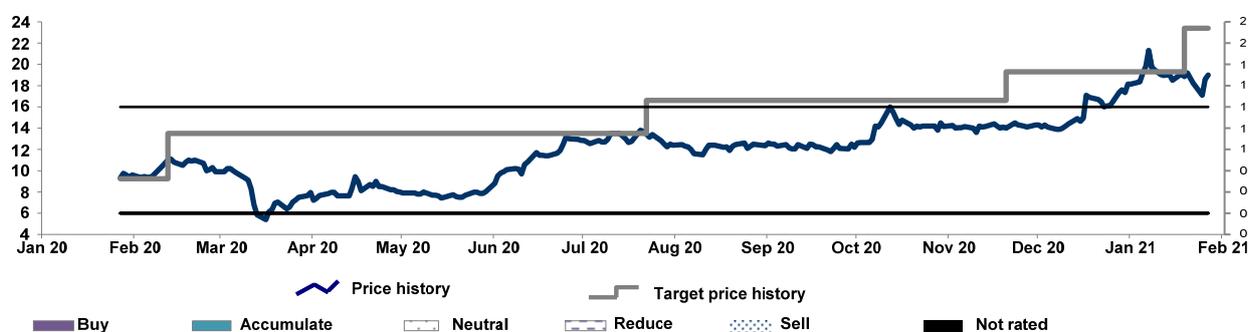
- has signed a Corporate Brokerage agreement that includes a contractually agreed provision of research services that in return, GVC Gaesco Valores receives a compensation. These reports may/could have been previously shown to the companies: Agile Content; Atrys Health; Gigas Hosting; Catenon; Greenalia; Quabit Inmobiliaria; TIER1 Technology; ADL Bionatur Solutions; Lleidanetworks Serveis Telematics SA ; Codere SA.

Recommendation history for GREENALIA

Date	Recommendation	Target price	Price at change date
19-Jan-21	Buy	23.40	18.85
20-Nov-20	Buy	19.30	14.00
22-Jul-20	Buy	16.61	13.45
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)**.

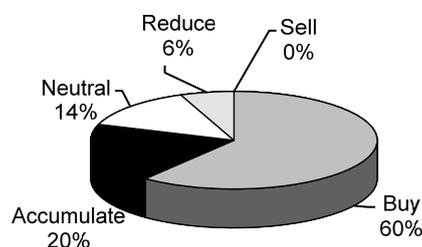
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

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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