



Share Price:		2,71
Closing Price as 18/04/16		
Price High 52week		3,29
Price Low 52week		2,02
Market capitalisation		296.242.024
Current num. of shares		109.314.400
Long Term Debt		393.581.000

Key Financials	12/15	12/16E	12/17E
Sales	198.608.000	207.203.771	229.788.369,60
EBITDA	111.486.000	104.741.928	117.355.780,39
EBITDA margin	56%	51%	51%
Total Debt/Equity	1,30	1,30	1,30
P/E	20,53	56,18	16,98
EPS	0,13	0,04	0,04
Dividend/Share	0,09	N/A	N/A

Enterprise Value

740.405.559

Shareholders value

346.824.559

TERNA ENERGY S.A

Sector: Utilities-Alternative Electricity

Activity: The company's business comprises two principal segments: Electricity generation using Renewable Sources (RES) and construction services relating to RES projects as well as other public and private sector, holding a 6th class construction certificate.

Outlook:

We downgrade Terna Energy's fair estimated price 4.10Euros/Share from 4.20 Euros/Share previously.

According to FY15 results, Terna Energy exceeded our expectations in terms of Revenues as it managed to increase its Renewables' capacity to 664MW from 640MW previously and earned additional revenues from the concession of E-tickets services (c.11,2 mn Euros), a new line of business not taken into account in our past models.

However, in our previous research update we had estimated the generation of higher cash flows for the up coming years coming from the utilization of the majority of MW of Terna Wind Farms portfolio by 2016. Our estimates were derived from the company's growth rates and the increased pace of Wind farms installations the previous years.

Based on FY15 results the Company seems to utilize its Renewables assets in a much slower pace than anticipated, which reduces our Cash Flow estimates as we pull back the expected Revenues closer to our terminal value.

Additionally, the company declared the acceleration of CAPEX in the short term period vs our previous more normalised approach, a fact that had a negative effect on our cash flow model leading to decreased Free Cash flows for the short term period.

In summary, Terna Energy's share price exceeded the 2.10 Euros/Share FV that we indicated in our previous thesis due to the normalization of the Risk free rate above the stressed levels applied. In the current level of Risk free rate our Fair estimated price is marked at 3.00 Euros/Share, higher than previously due to the Risk free rate but lower than our past model due to the lower projected cash flows.

Strengths:

Terna Energy is the dominant domestic RES energy producer.

Terna Energy has already incurred capital expenditure of c. EUR 1billion by 2013 in order to expand its Mwh capacity, leaving c.EUR 300 million in CAPEX for the upcoming years.

Weaknesses:

Changes in fixed price/kWh with the Power Companies could have a negative impact in the company's revenues.

Potential delays in the licencing of wind parks could have a negative impact in the projected capacity of Terna Energy and its revenues.

Revenues and Operating performance are highly affected by the weather conditions and especially from the wind power.

Opportunities:

Terna Energy also operates as producer of electricity from Hydroelectric and Solar Power sources and plans to expand its capacity from these sources from 2016 and on. We have not incorporated any effects from this sector in our model.

Threats:

The complicated legal context for RES in Greece could delay the operation of already installed wind parks and impair its capacity and operation.

DATE

19/4/2016

FAIR ESTIMATED PRICE	3,00
Δ% from Current Price	11%
Investment Thesis	FV

TERNA ENERGY Summary Tables

Income Statement	2015	2016E	2017E	2018E	2019E
Total Sales	198.608.000,00	207.203.771,20	229.788.369,60	245.304.081,60	265.862.400,00
CGS	82.477.000,00	87.025.583,90	96.511.115,23	103.027.714,27	111.662.208,00
Gross Profit	116.131.000,00	120.178.187,30	133.277.254,37	142.276.367,33	154.200.192,00
Sales & Adm Costs	11.422.000,00	13.990.258,80	14.270.063,98	27.514.100,00	28.514.100,00
R & D Costs	2.370.000,00	2.416.000,00	2.651.410,00	2.751.410,00	2.851.410,00
Rest Income/Costs	9.147.000,00	1.000.000,00	1.000.000,00	1.000.000,00	1.000.000,00
EBITDA	111.486.000,00	104.741.928,50	117.355.780,39	113.010.857,33	123.834.682,00
D&A	48.799.000,00	49.893.850,00	52.393.850,00	52.393.850,00	52.393.850,00
EBIT	62.687.000,00	54.848.078,50	64.961.930,39	60.617.007,33	71.440.832,00
Interest	32.162.000,00	31.340.000,00	31.340.000,00	31.340.000,00	15.000.000,00
EBT	30.386.000,00	23.508.078,50	33.621.930,39	29.277.007,33	56.440.832,00
Taxation	12.939.000,00	6.817.342,76	9.750.359,81	8.490.332,13	16.367.841,28
Net Income/Loss	17.447.000,00	16.690.735,73	23.871.570,58	20.786.675,20	40.072.990,72

Cash flow estimations (E)	2016E	2017E	2018E
EBIT	54.848.078,50	64.961.930,39	60.617.007,33
Taxation (1-Tax Rate)	71%	71%	71%
NOPAT	38.942.135,73	46.122.970,58	43.038.075,20
Depreciation	49.893.850,00	52.393.850,00	52.393.850,00
Capital Exp.	11.537.293,81	7.001.225,50	4.809.870,72
IWC	50.000.000,00	50.000.000,00	25.000.000,00
NCF	27.298.691,92	41.515.595,07	65.622.054,48

Growth/Margins/Metrics(E)	12/15	12/16E	12/17E
Sales Growth	26%	4%	11%
EBITDA growth Y-Y	32%	-6%	12%
Net Profit/Loss growth	198%	-4%	43%
RATIOS	12/15	12/16E	12/17E
Debt/Equity	1,30	1,30	1,30
Capex/EBITDA	0,77	0,48	0,43
ROE	5%	6%	6%
WACC	9,52%	9,52%	9,52%
VALUATION	12/15	12/16E	12/17E
Book Value	1,00	1,00	1,00
P/BV	2,71	3,00	3,00
P/E	16,98	13,74	15,78

Σημειώσεις/Notes

P/E:	Τρέχουσα Τιμή
MCAP:	Κεφαλαιοποίηση
EPS:	Καθαρό Κέρδη Ανά Μετοχή
P/E:	Λόγος Τιμής προς Κέρδη
P/S:	Λόγος Τιμής προς Πωλήσεις
D/A:	Συνολικός Δανεισμός προς Παθητικό
DY:	Απόδοση Μερισμάτων
ROE:	Απόδοση Ίδιου Κεφαλαίου
FV:	Τιμή Συστή Αποτίμησης

Market Price	Capitalization
Earnings per Share	Price/Earnings Ratio
Price/Sales Ratio	Total Debt/Assets Ratio
Dividend Yield	Return on Equity
Fair Value Price	

Όδηγός Συστάσεων/Ratings

UV	Χαμηλή Αποτίμηση/ Χαμηλός Κίνδυνος
UV1	Χαμηλή Αποτίμηση/ Κίνδυνος
FV	Σωστή Αποτίμηση/ Χαμηλός Κίνδυνος
OV1	Σωστή Αποτίμηση/ Κίνδυνος
OV	Υπερτιμημένη Μετοχή

Underpriced/ Small Risk
Stock Price = 20% of Fair
Underpriced/ Risk
Stock Price = 10% of Fair
Fairly Priced/ Small Risk
10% < Stock Price < 10%
Fairly Priced/ Risk
Stock Price = 10% of Fair
Overvalued
Stock Price > 20% of Fair

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