



ISSUER RATING
Long term

OUTLOOK
Stable

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RATING ACTION AND RATIONALE

- EthiFinance Ratings upgrades Voltalia SA's long-term 'BB' to 'BB+', maintaining a Stable outlook.
- The rating is supported by a favourable sector assessment, reinforced by the strong fundamentals of the energy sales business, including high profitability, robust growth prospects, and significant barriers to entry. Additional credit strengths include the company's competitive advantages, notably its level of integration achieved in its operations and its outstanding portfolio of assets and pipeline in development, and the quality of its shareholder's base. In 2022, the group successfully completed a €490m capital increase to finance its growth plan until 2027. The Mulliez family still controls 71.3% of the company (via Voltalia Investment).
- As limiting factors of the rating, we highlight the group's scale and activity diversification. While Voltalia is positioned as an integrated power producer with a technology diverse portfolio (primarily solar and wind) across the European, Latin American, and African markets, its operations remain heavily concentrated in Brazil and France, which together accounted for 72% of EBITDA in 2023. In this context, the country risk associated with the company's dependence on Brazil serves as a constraint on the rating, acting as a downward modifier in this review. Similarly, we note the group's high leverage metrics under our average ratios (NFD/EBITDA > 7x; EBITDA/interest < 3x, and FFO/NFD <10%), as element that still condition the financial profile.
- It should be noted that different volatility tables have been used to evaluate the financial ratios, such as the 'infrastructure' table for the energy sales activity (mostly 'PPA'), and the 'standard' table for the rest of the businesses.
- Under our methodology, the company operates in the renewable energy production sector as well as in the engineering and construction sector, with our adjustments based on the characteristics of both. These sectors are appropriately aligned with ESG factors (heatmap score between 1 and 1.9). This consideration results in a one category upgrade on the industry risk assessment. The industry contributes to pollution reduction and biodiversity protection as a substitute for highly-polluting traditional energy sources. However, related construction emits GHG and uses significant resources. The impact on consumers and communities is positive as clean energy contributes to good health and economic development. The impact on suppliers is medium as China, where ESG issues may exist, is involved in much of the supply chain.
- Furthermore, our assessment of the company's ESG policy remains very favourable (ESG score of 0 to 1), allowing a positive impact of one notch in the financial risk profile.

ISSUER DESCRIPTION

Based in Paris, Voltalia SA (hereafter 'Voltalia') is an independent renewable energy producer and service provider. The group develops, builds, operates and maintains both its own power plants as well as on behalf of customers. Voltalia was listed on Euronext Paris in 2014 and currently has a market cap of €1.0bn (at the market close on 12 November 2024). At end-September 2024, Voltalia had more than 2k employees in 20 countries and an installed capacity of 2.48 GW. In addition, the group has 0.61 GW of installed capacity under construction and a pipeline of projects under development with a total capacity of 17.2 GW.

For 2023, Voltalia reported revenues of €495m (+6.3% YoY), and an EBITDA of €241m (vs €137m in FY22), representing an EBITDA margin of 48.7%. The consolidated NFD/EBITDA ratio was 6.8x (7.0x in FY22). During a 2024 affected by lower progress in project development and construction progress and production curtailment in Brazil (estimated -€40m in EBITDA), the Q3-24 results confirm the 2024 target of around 3.3 GW of capacity in operation and under construction (2.5 GW in operation) and an EBITDA target of around €255m.

MODIFIERS

Country Risk

As noted above, Brazil plays a strategic role for Voltalia, contributing 35% of EBITDA in 2023 (2023-22 average: 44%). Brazil is classified as an emerging market with a business default risk rating of B (5th highest on an 8-level scale) by credit insurer COFACE. Considering the country risk, emerging market status, and currency exposure, among other factors, Voltalia's final rating is currently capped at BB+.

MAIN FINANCIAL FIGURES

Main financial figures. thousands of EUR						
	FY22	FY23	FY24e	FY25e	FY26e	23vs22
Turnover	465,935	495,179	589,263	697,531	803,137	6.3%
EBITDA	137,160	241,149	255,000	317,705	373,392	75.8%
EBITDA Margin	29.4%	48.7%	43.3%	45.5%	46.5%	19.3pp
EBIT	55,660	119,277	149,100	199,705	245,392	114.3%
EBIT Margin	11.9%	24.1%	25.3%	28.6%	30.6%	12.1pp
EBT	10,720	60,930	5,900	37,000	61,800	468.4%
Total Assets	3,035,053	3,818,120	4,188,353	4,589,295	4,923,206	25.8%
Equity	1,339,188	1,383,325	1,384,025	1,402,625	1,433,825	3.3%
Total Financial Debt (TFD)	1,339,522	1,957,933	2,272,400	2,658,600	3,022,300	46.2%
Net Financial Debt (NFD)	955,965	1,639,381	1,887,185	2,303,665	2,570,537	71.5%
Equity/TFD	100.0%	70.7%	60.9%	52.8%	47.4%	-29.3pp
NFD/EBITDA	7.0x	6.8x	7.4x	7.3x	6.9x	-0.2x
Funds From Operations	34,698	115,503	163,800	200,805	230,292	232.9%
FFO/NFD	3.6%	7.0%	8.7%	8.7%	9.0%	3.4pp
EBITDA/Interest	2.1x	2.5x	3.0x	3.2x	3.3x	0.4x

CREDIT RATING

Credit Rating	
Business Risk Profile	BBB+
Industry risk assessment	AA-
Industry's ESG	Yes
Competitive Positioning	BB+
Governance	BBB-
Financial Risk Profile	BB
Cash flow and leverage	BB-
Solvency	BB
Company's ESG	Yes
Anchor Rating	BBB-
Modifiers	Country Risk
Rating	BB+

RATING SENSITIVITY

• Long-term rating positive factors (↑)

Voltalia's rating could be upgraded if the group reduces its exposure to Brazil. In this regard, without an improvement in Brazil's rating, it would be necessary for less than 25% of EBITDA to come from Brazil or another country with a similar risk profile.

• Long-term rating negative factors (↓)

On the contrary, an increase in Brazil's country risk would be the main potential indication of a rating downgrade. For the 'anchor' rating, a negative deviation from the expected financial performance (NFD/EBITDA > 7.5x; EBITDA/interest < 2.7x) would be a potential indication for a downgrade.

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
 - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has provided ancillary services to related third parties of the rated entity, but not to the rated entity. However, according to our Conflict of Interest Policy, it does not involve a conflict of interest, since the aggregate sale does not exceed 5% of net turnover.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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