

Valuation & Research Specialists (VRS)
Equity Research Team
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Share Price (14/06/2019)	€ 1.486
# of Shares (mn)	190.16
Market Cap (in € mn)	282.58
Average Volume (p)	142,351
Beta Co-efficient	--

Source: VRS Calculations, Reuters.
Period as day/month/year.

Stock Price Performance & Transaction Volume

(6 months, in € and in number of share units)



Note: Share price performance based on share price closes on Stock Exchange.
Period as day/month/year if applicable.

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CENERGY HOLDINGS S.A.

Listed on Athens Exchange - Greece and on Euronext Brussels - Belgium

[Bloomberg Ticker: CENER:GA] [Reuters Ticker: CENER.AT]

Business Sector | Industry: Holding Cos / Industrials

Our View on Cenergy Holdings following the Company's Analyst Day (*)

- Cenergy Holdings SA focuses on long-term value creation by investing in leading industrial companies that are expected to experience significant growth in the coming years in the energy sector, and in product markets such as steel pipes for the transportation and extraction of oil and gas and power cables for energy transmission and distribution, as well as oil and gas and renewables. Based in Belgium, the Company was founded in 2016 and is listed on Euronext Brussels and Athens Exchange. Cenergy Holdings is a subsidiary of Viohalco SA.

Growth trajectory is on track

- In 2018, the Group had its operating income increased by 48% from the 2017 levels and had a profit before taxes after the 2017 noteworthy loss. The improvements can be attributed to the increase of their unit capacity from 40% - 60% to around 90%. Given the above, there is a good prospect of additional growth realized going forward.

What we like

- In FY 2018, the use of the company's funds led to the increase of the group's current assets by 30.5 % and to a minor drop of cash and cash equivalents by 6.1%. Their total assets increased by 19% from their 2017 levels. By investing in assets, the Group focuses on its medium and long term strategic plan and sets the bar high as to their productivity and future higher earnings.
- In 2018, the Group achieved positive earnings per Share and very high capacity utilization. In the years before -2017 and 2016- investments in the group's factories were on going, limiting them from full capacity function. According to the BoD, Cenergy Holdings needed an investment of 20 million Euros to approximately double its productivity in the offshore cable business. The annual expenditure for capital maintenance costs was expected to settle at about 10 million Euros.
- Cenergy Holdings has direct or indirect ownership of 11 companies in 6 countries. The Group exports its products in 45 countries, which is an indication of a broad and diversified client-base. This client-base is composed of large corporates and international champions. The successful completion of projects by them is an excellent "reference letter" for the company, as the CFO Alexandros Benos noted. Also, according to the BoD, the group plans to invest more capital in the European market.

What we anticipate

- According to the group's BoD, in 2018, there was a significant increase in unit capacity as cited above. Since the Group has direct or indirect ownership of 11 subsidiaries, it is of paramount importance to monitor its full unit capacity fluctuations in order to understand whether the group is managed efficiently.
- At the company's presentation to the Hellenic Fund and Asset Management Association on May 14th, BoD stated that the major company units were expected to reach around 90% of their total capacity utilization in the next two years, contributing to the stabilization of the company's income at the 2018 levels. Given this, we would anticipate the reduction of the company's loan liabilities.
- The outcome of the competitions for private and public projects in England, Denmark, the US and Taiwan which Cenergy Holdings has entered will also affect the financial position of the group. If the outcome is positive, the Group will gain market share in some of the most important energy markets, thus increasing the probability for higher turnover and returns.

What we will monitor

- The Group's total and current Liabilities increased by 24% and 15.3% respectively y-o-y in 2018. Even though the funding was used to enhance the group's production capacity, it should be closely monitored.

Our concern

- The main reason for concern regarding the group's financial performance is that they increased their non-current loans and borrowings by 103% in 2018. Although this funding enabled the group to invest in its operational strategy, the increase still poses a threat that should be taken into consideration. According to the group's BoD, they have already put in action a plan to tackle this problem by already successfully renegotiating a 120 million Euros loan with the creditors, and plan to do the same with high interest rate loans.

(*) The event was held on Tuesday, May 14th, 2019, at the premises of Athens Exchange, Greece.

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CENERGY HOLDINGS S.A.	CENER:GA	CENERr.AT	€ 1.486	June 14, 2019	2, 3, 6

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