



Revenues from sales of electricity in 2017 met expectations; full commercial operation in Ireland; a growing project pipeline; stock target price remains at 2.30.

Primary Exchange: TASE

Ticker: TLV:ENLT

Sector: Cleantech

Industry: Renewable Energy

Data as at 30 April, 2018

(Source: TASE)

Closing price: NIS 1.66

Market cap: NIS 823.9M

of shares: 502,354,681

Stock performance (Y.T.D.): 32.4%

Daily-trading-vol. (12 mos.): NIS 1.7M

Stock target price: NIS 2.30

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Company Overview

Enlight Renewable Energy Ltd. is an Israeli company founded in 2008, which is publically traded on the Tel Aviv Stock Exchange. The company specializes in the initiation, development, financing, construction, management, and operation of projects involving the generation of electricity from renewable energy sources. It is currently active in the fields of Solar Photovoltaic (PV) and Wind Energies. Once production rights are secured through government tenders, Enlight sells the electricity generated to utility companies and thereon to end users.

Highlights & Analysis

Enlight released its annual report on 28 March, 2018 detailing the following:

The Company's revenues from electricity totaled NIS 146 million, including electricity from the Company's project in Ireland.

- Financially, the company is in a strong position, and plans to offer bonds totaling NIS 120-150 million in April
- Full commercial operation in Ireland as of December 2017

Continued activity in the promotion and planning of the company's development pipeline project (see below).

- Accumulated projects grew with the acquisition of the rights to three projects in Hungary alongside the acquisition of rights to a 105MW project in Kosovo.
- We estimate 20 projects and electricity production facilities with a total capacity of 800 MW, which are wholly or partially owned by the Company and rules for active installations (connected to the network) or those in the process of development or execution.

We maintain the Company's value at NIS 1.07 billion, corresponding to a target price ranging between NIS 2.17 and NIS 2.45; a mean of NIS 2.30 per share.

- Our estimate does not include projects in the Company's pipeline at various stages of development, for which we do not have accurate information or whose probability of development is still low. Thus, in our assessment, there exists additional growth potential for value beyond that estimated.

(ILS 000s)	EBITDA	Revenues
2017A*	127,000	146,502
2018E	144,526	178,069
2019E	235,105	291,699
2020E	289,344	366,270

Annual Updates

Growth in the Company's revenues from electricity revenues and a significant increase in shareholders' equity in 2017

The Company's revenues from electricity totaled NIS 146M, compared with NIS 143M in 2016. The Company's shareholders' equity increased to NIS 459M in 2017, compared to NIS 314M in 2016 as a result of capital raising in January 2017 totaling approx. NIS 120M, and electricity revenues that are growing.

Full commercial operation in Ireland

Enlight began full commercial operation of a wind project in Ireland of 14MW generating electricity revenues of NIS 11M per year. Operation will commence in December 2017

Acquisition of rights in three solar projects in Hungary with a capacity of 57MW

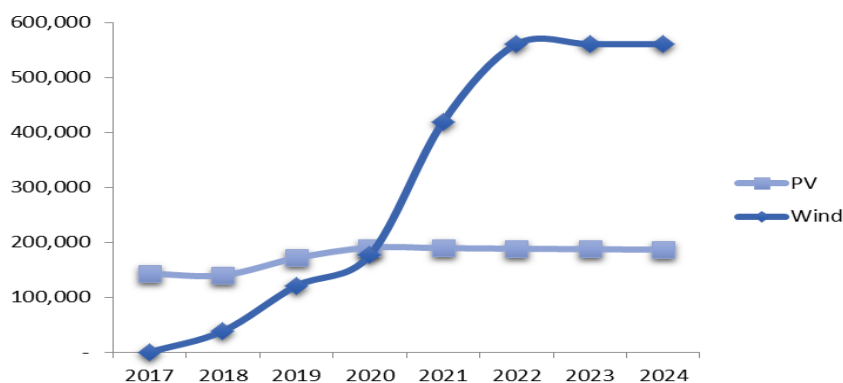
Connection to the grid is expected towards the end of 2018 and full operation a year later. The expected electricity revenues are NIS 28 million on the basis of a NIS 250 million investment (the company holds 50% of the project).

The signing of an agreement in Kosovo in the field of wind energy with a capacity of 105MW

The company has signed an agreement for the acquisition of all the rights to a 105MW wind power project in Kosovo, which is in advanced stages of development. The electricity grid in Kosovo is independent and connected to the main electricity grid in Europe, which includes a synchronized network of 25 countries. Kosovo has issued targets and regulations for the production of 400MW of renewable energy sources, of which 150MW will be derived from wind energy. Commercial operation is expected in 2020.

Analysis

Enlight estimates 2018 revenues at NIS 180-190 million. We believe that the company's revenues will be approx. NIS 180 million in 2018 and NIS 292 million in 2019; this is mainly due to additional capacity from projects in Croatia and Hungary. Furthermore, during 2019, three major wind-energy projects are expected to be established (Bereshit, Yatir and Kosovo). Below we depict the development of the company's electricity revenues by wind and solar projects as follows:



Our valuation of the company at NIS 1.1 billion is based off our [initiation of coverage report \(published 28 January 2018\)](#), in which we conducted an in depth corporate valuation of the company's development pipeline, based upon; specific criteria for each project, the probability of its realization, the date it commenced/will commence operation, the costs of operation and the financing of the project. The value of the project in Kosovo has been excluded from the analysis, until the transaction is completed. The value of the project in Hungary increased due to further realization of the project.

#	Country	Project name	Holdings	NPV
1	Israel	Idan and Kramim	100%	33,643
2	Israel	Talmi Bilu and Mivtahim	100%-51%	39,775
3	Israel	Halutizot	79.50%	133,513
4	Israel	Golan, Nehamia, Barbur	100%-51%	5,275
5	Israel	Zayit	100%	3,891
6	Ireland	Tullynamoyle	50.10%	17,273
7	Croatia	Lokovac	50.10%	126,160
8	Serbia	Blacksmith	50.10%	247,489
9	Israel	Sunlight	77.00%	28,290
10	Hungary	Hungary	50.10%	29,559
11	Israel	Emek Habacha - 96MW	36.50%	138,141
	Israel	Emek Habacha - 13MW	36.50%	13,523
12	Israel	Bershit	60%	202,411
13	Israel	Yatir	50%	18,492
14	Israel	Lavie, Maale Gilboa	60%	22,575
15	Israel	Kisra	85%	19,878
16	Israel	Emek Harochot	60%	41,647
17	Israel	New 18MW project	100%	7,456
Total pipeline				1,128,992

On the financial side, the company enjoys strong financial backing, which will be strengthened by the raising of additional capital through bond offerings totaling NIS 120-150 million, planned for the coming month.

In view of all these developments and the Company's progressing according to schedule across all the projects, we maintain the Company's value at NIS 1.1 billion, corresponding to a target price ranging between NIS 2.17 and NIS 2.45; a mean of NIS 2.30 per share.

Upcoming Potential Catalysts

Project	Event	Significance	Timeline
Lokovac (Wind), 49 MW in Croatia	Grid-connected	High	Mid 2018
Blacksmith (Wind), 105 MW in Serbia	Grid-connected	High	Mid 2019
Wind projects in the Golan Heights, Israel (totaling over 250MW)	Various regulatory milestones- IEC confirmation, Approved Zoning Plan, Building permit	High	During 2018

Y.T.D Stock Movement



Appendix

Appendix I - Financial Reports

Balance Sheet	2016	2017
NIS 000s	As at 31 December	
Current Assets		
Cash and cash equivalents	153,122	114,494
Restricted Cash	12,093	34,828
Financial instruments at fair value via P/L	62,700	69,232
Customers	7,398	8,940
Accounts receivable	8,167	7,851
Current maturities of financial assets in respect of concessions	41,101	41,712
Total current assets	284,581	277,057
Non-current Assets		
Restricted cash	38,596	57,617
Accounts receivable	63	1,836
Deferred project costs	40,602	80,633
Deferred credit expenses	2,844	28,499
Deposit on securities acquisition account	6,066	-
Financial instruments in respect of concessions	1,039,851	1,002,303
PPE, net	116,003	412,828
Intangible assets, net	69,439	126,324
Deferred taxes	344	1,565
Total non-current assets	1,313,808	1,711,605
Total assets	1,598,389	1,988,662
Current Liabilities		
Credit and current maturities in respect of loans from banks and other financial institutions	48,503	40,770
Suppliers and service providers	6,238	29,607
Accounts payable	36,318	43,832
Current maturities in respect of debentures	15,221	15,221
Current maturities in respect of convertible bonds	1,147	1,559
Current maturities of loans from other credit providers	7,883	8,868
Total current liabilities	115,310	139,857
Non-current Liabilities		
Bonds	175,808	159,519
Convertible debentures	17,216	2,958
Loans from banks and other financial institutions	727,288	862,821
Loans from other credit providers	161,151	152,629
Non-controlling interest loans	34,001	165,306
Other financial liabilities	23,275	12,030
Deferred taxes	30,466	34,105
Total non-current liabilities	1,169,205	1,389,368
Total liabilities	1,284,515	1,529,225
Equity		
Total equity	313,874	459,437
Total liabilities and equity	1,598,389	1,988,662

Statement of Profit and Loss	2015	2016	2017
	At 31 December (in NIS 000s)		
Revenue	155,567	33,398	37,388
Cost of sales	(106,330)	(22,443)	(20,341)
Gross profit	49,237	10,955	17,047
General and administrative expenses	(8,664)	(10,947)	(13,509)
Sales, marketing and promotion of projects	(2,865)	(3,882)	(4,400)
Operating profit (loss)	37,708	(3,874)	(862)
Financing income	60,451	70,000	77,463
Financial expenses	(66,858)	(69,946)	(62,062)
Share in profits of investee company	-	-	251
Profit (loss) before taxes on income	31,301	(3,820)	14,790
Tax benefit on income	(8,247)	3,345	(3,921)
Profit (loss) from continuing operations	23,054	(475)	10,869
Net profit (loss) from discontinued operations	(3,191)	11,151	-
Net Profit	19,863	10,676	10,869
Total other comprehensive income (loss) for the period	481	(1,826)	1,841
Total comprehensive income for the period	20,344	8,850	12,710

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