

Investments - Flash



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ALTERNATIVE ENERGIES: IT'S TIME TO INVEST

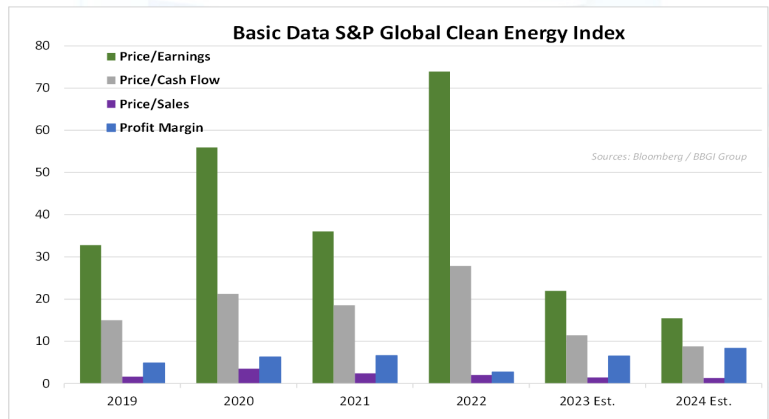
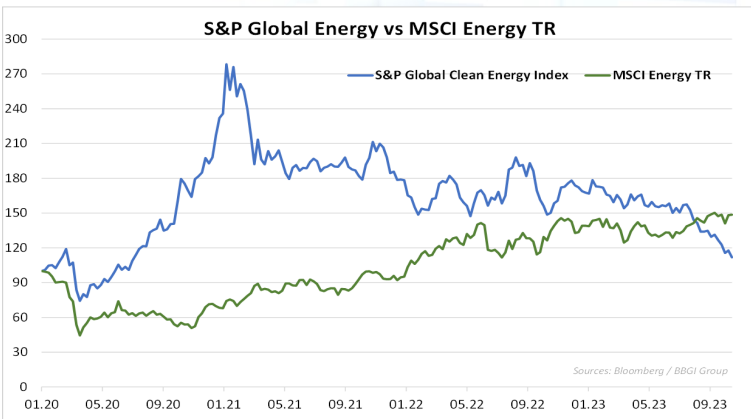
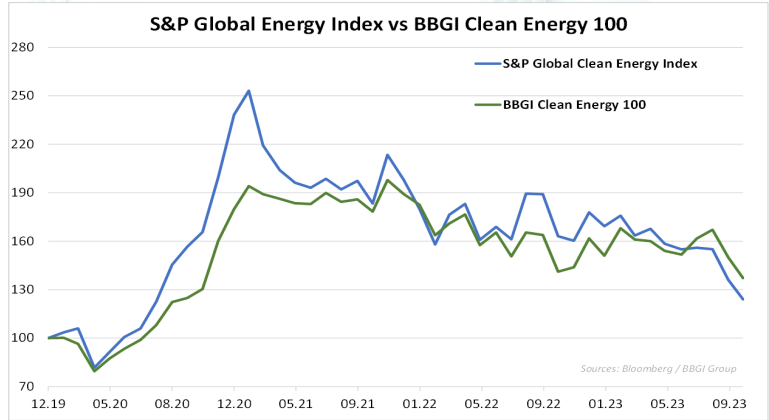
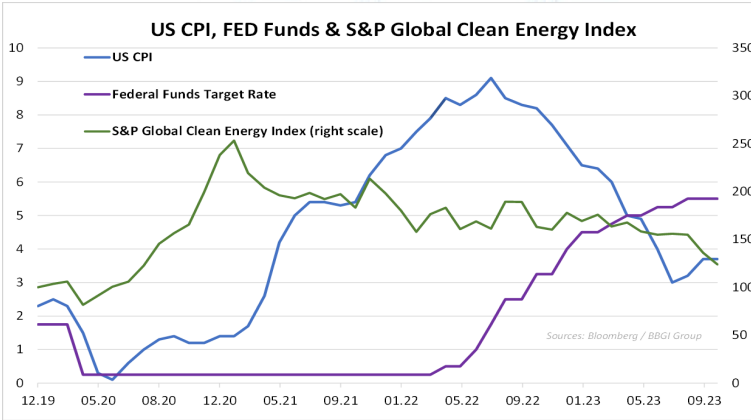
Attractive valuations after massive price falls

The -30% correction in the S&P Global Clean Energy Index over the past three months has already strongly reflected the tangible effects of rising costs and weakening demand on companies' short-term results, and the reduction in their margins and profits. However, it probably underestimates their medium-term prospects.

In terms of the valuation of listed companies, it is now estimated that the extreme pessimism that has driven down the prices of solar, wind and hydrogen stocks has led to a sometimes massive underestimation of the profit outlook for these companies, which will most certainly be the main winners in the ongoing and irreversible process of energy transition. The overall valuation level of the S&P Global Clean Energy index has fallen to 15x expected earnings for 2024, even though major sales and

revenue revisions have already been announced. By way of comparison, the index's P/E was 81x in 2020 and 95x in 2022. The price/cash flow ratio has fallen from 27x (2022) to 8x for next year. Similarly, the price/sales ratio also adjusted downwards, from 4.5x in 2020 to just 1.33x for 2024.

While gross margins remained close to 30% until 2022, average profit margins for all stocks in the index will once again be at their highest in 2024. After slipping from 6.28% (2020) to just 2.7% in 2022, profit margins for 2023 (6.95%) and 2024 (8.4%) are back to attractive levels. In terms of average debt, the ratio of total debt to total assets is set to rise, although it has remained relatively constant in recent years at between 35% and 43%.



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