



Ecoslops

Other Energies / France

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2017 brought strong business development and positive EBIT at Sines

Earnings/sales releases - 01/02/2018

Fact

In 2017, Sines contributed €6m in revenues: +40% yoy, refining products +80%, accounting for 65% of the top-line. The unit delivered a 25% EBITDA margin and a positive EBIT.

Analysis

The revenues were broadly in line with our expectations. Sines benefited from the increasing value-added of its products, through contracts with large clients such as GALP Energia (which bought five batches of gasoil and became the largest client) and SOPREMA. The industrial performance also helped: production was at 22kt (+30% yoy; design capacity is 30kt/year).

Marseille: construction of this 30 kt/year unit should start in mid-2018 and operations start in early 2019; the supply contracts already signed should fill 65% of the unit's potential. Antwerp (60kt/year) should follow with a 12 months time lag.

The prospective Suez Canal project and the Mini-P2R technology are part of the company's growth runway.

The results confirm our upbeat view on the opportunities related to Ecoslops' business model and development potential.



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AlphaValue is contracted by Ecoslops to provide equity research on Ecoslops, using AlphaValue's unique and transparent methods and procedures. Target price and opinion are thus exclusively determined by those methods and procedures.

Buy	Upside: 49.2%
Target Price (6 months)	€ 20.3
Share Price	€ 13.6
Market Cap. €M	59.6
Price Momentum	UNFAVORABLE
Extremes 12Months	9.28 ▶ 17.0
Bloomberg	ALESA FP Equity
Reuters	ALESA.PA

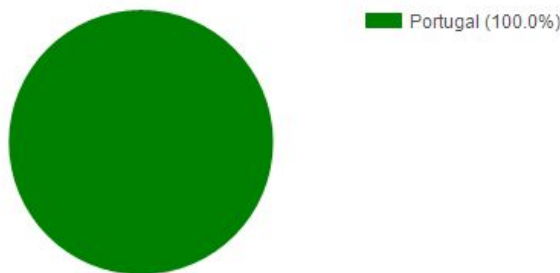
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PERF	1w	1m	3m	12m
Ecoslops	-2.86%	-0.66%	-9.63%	18.8%
Oils	-3.04%	0.45%	2.42%	13.8%
STOXX 600	-1.33%	1.61%	0.06%	9.81%

Last updated: 30/10/2017	12/15A	12/16A	12/17E	12/18E
Adjusted P/E (x)	-5.93	-8.78	ns	ns
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-10.3	-14.4	80.8	30.4
Adjusted EPS (€)	-2.13	-1.02	-0.22	0.05
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	2,296	4,366	7,060	10,140
EBITDA/R margin (%)	ns	-65.9	1.16	17.9
Attributable net profit (€th)	-5,837	-3,420	-873	211
ROE (after tax) (%)	-67.2	-26.1	-6.15	1.34
Gearing (%)	83.3	79.1	56.3	107

[Company Valuation](#) - [Company Financials](#)

Sales by Geography



Consolidated P&L Accounts

		12/16A	12/17E	12/18E
Sales	€th	4,366	7,060	10,140
Change in sales	%	90.2	61.7	43.6
Change in staff costs	%	-13.9	2.94	42.9
EBITDA	€th	-2,875	778	2,811
EBITDA(R) margin	%	-65.9	11.0	27.7
Depreciation	€th	-1,114	-1,334	-1,454
Underlying operating profit	€th	-4,023	-555	1,357
Operating profit (EBIT)	€th	-4,023	-555	1,357
Net financial expense	€th	-319	-318	-752
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th	-3.68	0.00	0.00
Corporate tax	€th	926	-0.44	-394
Equity associates	€th	0.00	0.00	0.00
Minority interests	€th	0.00	0.00	0.00
Adjusted attributable net profit	€th	-3,420	-873	211
NOPAT	€th	-2,816	-389	950

Cashflow Statement

		12/16A	12/17E	12/18E
EBITDA	€th	-2,875	778	2,811
Change in WCR	€th	609	-1,095	-290
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	0.00	-0.44	-394
Exceptional items	€th	0.00	0.00	0.00
Other operating cash flows	€th	-637	-215	-1,000
Total operating cash flows	€th	-2,904	-532	1,127
Capital expenditure	€th	-374	-249	-19,200
Total investment flows	€th	-374	-249	-19,200
Net interest expense	€th	-319	-318	-752
Dividends (parent company)	€th	0.00	0.00	0.00
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	1,915	4,980	51.3
Total financial flows	€th	5,965	-1.19	17,498
Change in cash position	€th	2,687	-783	-575
Free cash flow (pre div.)	€th	-3,596	-1,099	-18,825

Per Share Data

		12/16A	12/17E	12/18E
No. of shares net of treas. stock (year...	Th	3,372	4,382	4,382
Number of diluted shares (average)	Th	3,340	3,946	4,453
Benchmark EPS	€	-1.02	-0.22	0.05
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 28.9	40%	<ul style="list-style-type: none"> ● Neste ● Galp Energia ● Saras ● Hellenic Petroleum ● Acciona
NAV/SOTP per share	€ 20.1	40%	
P/E	€ 6.80	5%	
EV/Ebitda	€ 0.00	5%	
P/Book	€ 7.34	5%	
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 20.3	100%	

NAV/SOTP Calculation

Balance Sheet

		12/16A	12/17E	12/18E
Goodwill	€th	0.00	0.00	0.00
Total intangible	€th	542	492	492
Tangible fixed assets	€th	17,689	16,660	34,406
Financial fixed assets	€th	19.1	19.1	19.1
WCR	€th	164	1,259	1,549
Other assets	€th	3,380	3,386	3,386
Total assets (net of short term liab.)	€th	23,907	23,967	42,003
Ordinary shareholders' equity	€th	12,297	16,129	15,392
Quasi Equity & Preferred	€th	0.00	0.00	0.00
Minority interests	€th	0.00	0.00	0.00
Provisions for pensions	€th	0.00	0.00	0.00
Other provisions for risks and liabilities	€th	33.8	0.00	0.00
Total provisions for risks and liabilities	€th	33.8	0.00	0.00
Tax liabilities	€th	0.00	0.00	0.00
Other liabilities	€th	564	705	705
Net debt (cash)	€th	11,014	7,133	25,907
Total liab. and shareholders' equity	€th	23,908	23,967	42,003

Capital Employed

		12/16A	12/17E	12/18E
Capital employed after depreciation	€th	18,415	18,430	36,466

Profits & Risks Ratios

		12/16A	12/17E	12/18E
ROE (after tax)	%	-26.1	-6.15	1.34
ROCE	%	-15.3	-2.11	2.60
Gearing (at book value)	%	79.1	56.3	107
Adj. Net debt/EBITDA(R)	x	-3.83	9.16	9.22
Interest cover (x)	x	-12.6	-1.75	1.80

Valuation Ratios

		12/16A	12/17E	12/18E
Reference P/E (benchmark)	x	-8.78	ns	ns
Free cash flow yield	%	-11.9	-1.97	-31.6
P/Book	x	2.47	3.46	3.87
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/16A	12/17E	12/18E
Market cap	€th	30,314	55,735	59,589
+ Provisions	€th	33.8	0.00	0.00
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	11,014	7,133	25,907
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	41,362	62,868	85,496
EV/EBITDA(R)	x	-14.4	80.8	30.4
EV/Sales	x	9.47	8.90	8.43

Analyst : Marzio Foa, Changes to Forecasts : 30/10/2017.