



Europlasma

Alternative Energy / France

May be ...

Financing issue - 05/06/2019

Europlasma may have found a new reference shareholder

Fact

Europlasma on 04/06 indicated that a would-be financial partner had submitted a "continuation" plan to the French courts with a court decision about this offer expected by the end of July 2019. The proposal made by Luxembourg-based Zigi Capital would be to become a reference shareholder, keep the group as is including its industrial partners but restructure both the funding and the governance.

Analysis

Zigi Capital seems to be an ad hoc SPV for the purpose of becoming the reference shareholder of Europlasma. At pixel time, we found only skinny information about Zigi Capital. Information relates to the two 50/50 owners. A Mr Alexandre-Henri Lacarré would be Swiss-based and his A&A Development Group runs a property and private equity investment operation. A Mr Jérôme Garnache would have developed an advisory capability after an equity brokerage experience.

Numbers quoted in the communiqué are of limited help to compute how much debt holders and shareholders will lose in this financial restructuring. The silver lining is that the business looks like remaining a going concern, so that shareholders may entertain hopes of avoiding a complete wipe-out. Listing would not restart before the end of July.

The positive signal is that "an immediate financing" of €3.76m will see Europlasma through the "observation period" (to end July?) which means that the investor is seeing value. A French regional funding agency appears to lend €2m with another €30m to follow should the Zigi bid be validated. Terms are unknown.

Impact

Survival odds seem to be on the rise.



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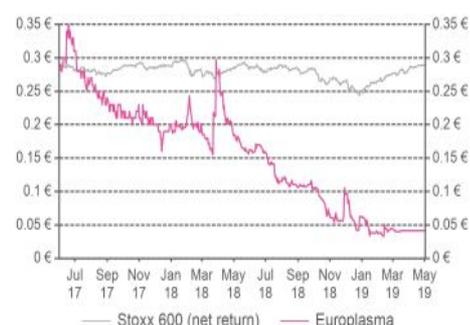
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AlphaValue is contracted by Europlasma to provide equity research on Europlasma, using AlphaValue's unique and transparent methods and procedures. Target price and opinion are thus exclusively determined by those methods and procedures.

Call Option Upside: 422%

Target Price (6 months)	€ 0.22
Share Price	€ 0.04
Market Cap. €M	10.5
Price Momentum	UNFAVORABLE
Extremes 12Months	0.03 ▶ 0.19
Bloomberg	ALEUP FP Equity
Reuters	ALEUP.PA

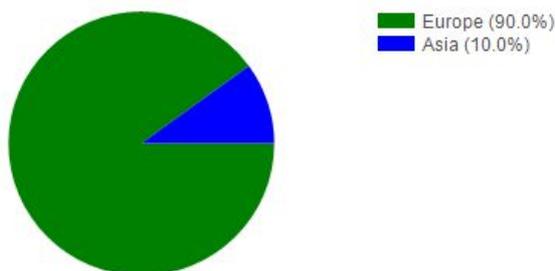

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PERF	1w	1m	3m	12m
Europlasma	0.00%	0.00%	3.25%	-77.6%
Utilities	-0.22%	2.06%	4.72%	15.3%
STOXX 600	-0.86%	-4.53%	-0.65%	-3.98%

Last updated: 21/11/2018	12/17A	12/18E	12/19E	12/20E
Adjusted P/E (x)	-1.66	-2.91	-3.81	4.77
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-6.09	-29.6	22.0	11.2
Adjusted EPS (€)	-0.16	-0.05	-0.01	0.01
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	13,133	14,000	24,560	45,160
Operating margin (%)	-107	-61.6	3.19	23.8
Attributable net profit (€th)	21,820	11,079	-3,742	3,417
ROE (after tax) (%)	232	91.8	68.1	-90.8
Gearing (%)				

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

Sales by Geography



Consolidated P&L Accounts

	12/17A	12/18E	12/19E
Sales	€th 13,133	14,000	24,560
Change in sales	% 34.9	6.60	75.4
Change in staff costs	% 0.00	4.55	21.7
EBITDA	€th -8,057	-3,700	6,832
EBITDA(R) margin	% -61.3	-26.4	27.8
Depreciation	€th -2,818	-4,925	-6,050
Underlying operating profit	€th -13,799	-8,625	782
Operating profit (EBIT)	€th -14,096	-8,625	782
Net financial expense	€th -854	-2,500	-4,000
of which related to pensions	€th	0.00	0.00
Exceptional items & other	€th		
Corporate tax	€th 30.0	0.00	0.00
Equity associates	€th -6,900	0.00	0.00
Minority interests	€th 0.00	45.6	-524
Adjusted attributable net profit	€th -21,164	-11,079	-3,742
NOPAT	€th -16,559	-6,038	548

Cashflow Statement

	12/17A	12/18E	12/19E
EBITDA	€th -8,057	-3,700	6,832
Change in WCR	€th 1,667	-848	-1,500
Actual div. received from equity holdi...	€th 0.00	0.00	0.00
Paid taxes	€th 421	0.00	0.00
Exceptional items	€th		
Other operating cash flows	€th -2,200	1,000	1,000
Total operating cash flows	€th -8,169	-3,548	6,332
Capital expenditure	€th -3,100	-7,500	-63,000
Total investment flows	€th -3,800	-8,500	-64,000
Net interest expense	€th -854	-2,500	-4,000
Dividends (parent company)	€th		
Dividends to minorities interests	€th 0.00	0.00	0.00
New shareholders' equity	€th 14,200	6,000	6,000
Total financial flows	€th 12,300	700	40,000
Change in cash position	€th 331	-11,348	-17,668
Free cash flow (pre div.)	€th -12,123	-13,548	-60,668

Per Share Data

	12/17A	12/18E	12/19E
No. of shares net of treas. stock (year...)	Th 152,405	294,000	354,000
Number of diluted shares (average)	Th 132,028	224,472	345,538
Benchmark EPS	€ -0.16	-0.05	-0.01
Restated NAV per share	€		
Net dividend per share	€ 0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.47	35%	● Acciona
NAV/SOTP per share	€ 0.23	20%	● Drax Group
EV/Ebitda	€ 0.00	20%	● Gea Group
P/E	€ 0.02	10%	● Elecnor
Dividend Yield	€ 0.00	10%	● ERG
P/Book	€ 0.02	5%	
TARGET PRICE	€ 0.22	100%	

NAV/SOTP Calculation

Balance Sheet

	12/17A	12/18E	12/19E
Goodwill	€th 8.00	1,000	1,000
Total intangible	€th 201	1,314	1,314
Tangible fixed assets	€th 13,341	51,000	111,000
Financial fixed assets	€th 0.00	8,000	10,000
WCR	€th 1,152	2,000	3,500
Other assets	€th 10,842	4,000	5,000
Total assets (net of short term liab.)	€th 28,299	72,314	136,814
Ordinary shareholders' equity	€th -15,224	-8,909	-2,077
Quasi Equity & Preferred	€th		
Minority interests	€th 31.0	20,000	30,000
Provisions for pensions	€th 573	0.00	0.00
Other provisions for risks and liabilities	€th 8,169	12,000	15,000
Total provisions for risks and liabilities	€th 8,742	12,000	15,000
Tax liabilities	€th 115	-2,000	-2,000
Other liabilities	€th 20,972	16,000	15,000
Net debt (cash)	€th 13,675	35,223	80,891
Total liab. and shareholders' equity	€th 28,311	72,314	136,814

Capital Employed

	12/17A	12/18E	12/19E
Capital employed after depreciation	€th 14,694	62,314	125,814

Profits & Risks Ratios

	12/17A	12/18E	12/19E
ROE (after tax)	% 232	91.8	68.1
ROCE	% -113	-9.69	0.44
Gearing (at book value)	%		
Adj. Net debt/EBITDA(R)	x -1.70	-9.52	11.8
Interest cover (x)	x -16.2	-3.45	0.20

Valuation Ratios

	12/17A	12/18E	12/19E
Reference P/E (benchmark)	x -1.66	-2.91	-3.81
Free cash flow yield	% -29.8	-32.1	-415
P/Book	x -2.67	-4.73	-7.04
Dividend yield	% 0.00	0.00	0.00

EV Calculation

	12/17A	12/18E	12/19E
Market cap	€th 40,657	42,176	14,620
+ Provisions	€th 8,742	12,000	15,000
+ Unrecognised actuarial losses/(gains)	€th 0.00	0.00	0.00
+ Net debt at year end	€th 13,675	35,223	80,891
+ Leases debt equivalent	€th 0.00	0.00	0.00
- Financial fixed assets (fair value)	€th 15,000	0.00	0.00
+ Minority interests (fair value)	€th 1,000	20,000	40,000
= EV	€th 49,074	109,399	150,511
EV/EBITDA(R)	x -6.09	-29.6	22.0
EV/Sales	x 3.74	7.81	6.13

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 21/11/2018.