



# Dolfines

Engineering-Heavy Constr. / France

## Development continues in renewables

Strategic Plan - 09/06/2022

The strategy update was in line with the recent communications from the company, but provided more details ahead of the capital increase. While the oil & gas activities continue to recover, the priority remains on renewables (both inorganic and organic). A large share of the proceeds will fund acquisitions, with one soon to be announced in renewables services. Furthermore, the company is aiming to break-even at operating cash flow level by the end of the year.

### Fact

#### Guidance:

- Short-term:
  - Activity growth
  - Operating cash flow break-even by the end of the year
- Mid/Long-term:
  - Stable volumes
  - Develop added value from digitalization/ robotization/engineering smart solutions

### Analysis

Of the €4m of targeted fundraising (a combination of shares and financing lines from Negma): 60% will be used for acquisitions (€2.4m), 15% in r&d (€600k), 10-15% in recruitment (€400-600k), 10-15% for working capital needs and deleveraging.

The company will announce a new acquisition soon and more are planned, on our understanding mainly in renewables services. The successful acquisition of 8.2 France seems to be a footprint for future targets. The synergies with Dolfines' engineers are visible with the development of the telescopic arm for offshore heavy maintenance.

In research & development, most of the investments will be allocated to the development of the larger floater TrussFloat15. The OHMe (Offshore Heavy Maintenance enabler) project (telescopic arm) might receive external public funding.



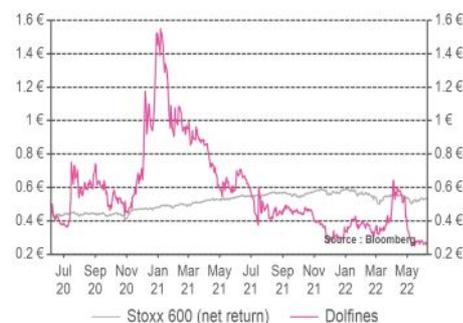
Kevin VO

capitalgoods@alphavalue.eu  
+33 (0) 1 70 61 10 50  
cs.alphavalue.com

This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Buy	Upside: 63.3%
Target Price (6 months)	€ 0.42
Share Price	€ 0.26
Market Cap. €M	4.95
Price Momentum	<b>NEGATIVE</b>
Extremes 12Months	0.25 ▶ 0.71
Sustainability score	5.5 /10
Credit Risk	DDD →
Bloomberg	ALDOL FP Equity
Reuters	ALDOL.PA

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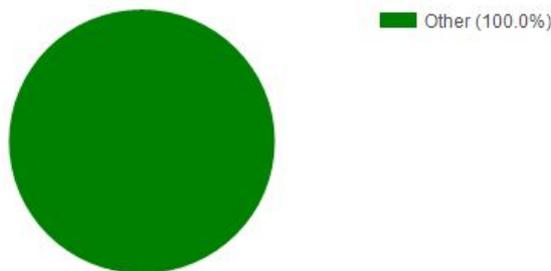


PERF	1w	1m	3m	12m
Dolfines	-2.64%	-2.08%	-21.9%	-62.0%
Capital Goods	1.60%	10.6%	0.38%	-12.3%
STOXX 600	0.38%	5.49%	6.11%	-3.00%

Last updated: 10/05/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	-7.65	-10.5	-9.62	32.4
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-11.2	-51.4	-22.7	9.78
Adjusted EPS (€)	-0.08	-0.02	-0.03	0.01
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	4,392	7,340	8,062	9,937
EBIT margin (%)	-29.5	-4.46	-7.06	8.83
Attributable net profit (€th)	-1,558	-634	-900	275
ROE (after tax) (%)	-81.8	-20.4	-18.6	5.46
Gearing (%)	168	49.4	20.5	20.4

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

## Sales by Geography



## Consolidated P&L Accounts

		12/21A	12/22E	12/23E
Sales	€th	4,392	7,340	8,062
Change in sales	%	73.9	67.1	9.84
Change in staff costs	%	39.5	94.1	10.7
EBITDA	€th	-1,423	-181	-417
<b>EBITDA(R) margin</b>	%	<b>-32.4</b>	<b>-2.47</b>	<b>-5.18</b>
Depreciation	€th			
Underlying operating profit	€th	-1,486	-497	-763
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-1,492</b>	<b>-497</b>	<b>-763</b>
Net financial expense	€th	-136	-136	-136
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th	70.9	0.00	0.00
Corporate tax	€th	-0.15	0.00	0.00
Equity associates	€th			
Minority interests	€th			
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-1,552</b>	<b>-634</b>	<b>-900</b>
NOPAT	€th	-1,040	-348	-534

## Cashflow Statement

		12/21A	12/22E	12/23E
EBITDA	€th	-1,423	-181	-417
Change in WCR	€th	0.00	-200	0.00
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th		0.00	0.00
Exceptional items	€th			
Other operating cash flows	€th			
Total operating cash flows	€th	-1,423	-381	-417
Capital expenditure	€th	-600	-600	-600
Total investment flows	€th	-1,600	-600	-600
Net interest expense	€th	-136	-136	-136
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	660	4,000	1,000
Total financial flows	€th	524	3,121	864
Change in cash position	€th	-2,500	2,140	-154
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>-2,160</b>	<b>-1,118</b>	<b>-1,154</b>

## Per Share Data

		12/21A	12/22E	12/23E
No. of shares net of treas. stock (year...	Th	19,146	32,479	32,479
Number of diluted shares (average)	Th	18,846	25,812	33,479
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.08</b>	<b>-0.02</b>	<b>-0.03</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.66	35%	● Nordex SE
NAV/SOTP per share	€ 0.83	20%	● Saipem
EV/Ebitda	€ 0.00	20%	● Elecnor
P/E	€ 0.13	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.23	5%	
TARGET PRICE	€ 0.42	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/21A	12/22E	12/23E
Goodwill	€th			
Total intangible	€th	3,576	3,860	4,114
Tangible fixed assets	€th	24.3	24.3	24.3
Financial fixed assets	€th			
WCR	€th	1,277	1,477	1,477
Other assets	€th	70.4	67.1	67.1
Total assets (net of short term liab.)	€th	6,215	6,696	6,950
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>1,434</b>	<b>4,792</b>	<b>4,892</b>
Quasi Equity & Preferred	€th			
Minority interests	€th	0.00	0.00	0.00
Provisions for pensions	€th		0.00	0.00
Other provisions for risks and liabilities	€th	3.34	3.34	3.34
Total provisions for risks and liabilities	€th	3.34	3.34	3.34
Tax liabilities	€th	936	936	936
Other liabilities	€th	40.0	40.0	40.0
<b>Net debt (cash)</b>	<b>€th</b>	<b>3,807</b>	<b>925</b>	<b>1,078</b>
Total liab. and shareholders' equity	€th	6,220	6,696	6,950

## Capital Employed

		12/21A	12/22E	12/23E
Capital employed after depreciation	€th	4,878	5,362	5,616

## Profits & Risks Ratios

		12/21A	12/22E	12/23E
<b>ROE (after tax)</b>	%	<b>-81.8</b>	<b>-20.4</b>	<b>-18.6</b>
ROCE	%	-21.3	-6.49	-9.51
<b>Gearing (at book value)</b>	%	<b>168</b>	<b>49.4</b>	<b>20.5</b>
Adj. Net debt/EBITDA(R)	x	-2.67	-5.10	-2.58
Interest cover (x)	x	-10.9	-3.65	-5.59

## Valuation Ratios

		12/21A	12/22E	12/23E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-7.65</b>	<b>-10.5</b>	<b>-9.62</b>
Free cash flow yield	%	-17.9	-13.3	-13.7
P/Book	x	8.41	1.75	1.72
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/21A	12/22E	12/23E
Market cap	€th	12,061	8,396	8,396
+ Provisions	€th	3.34	3.34	3.34
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	3,807	925	1,078
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	15,871	9,324	9,477
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-11.2</b>	<b>-51.4</b>	<b>-22.7</b>
EV/Sales	x	3.61	1.27	1.18

Analyst : Kevin Vo, Changes to Forecasts : 10/05/2022.