



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.



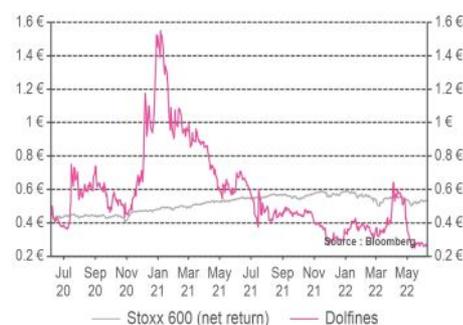
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This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Buy	Upside: 63.3%
Target Price (6 months)	€ 0.42
Share Price	€ 0.26
Market Cap. €M	4.95
Price Momentum	NEGATIVE
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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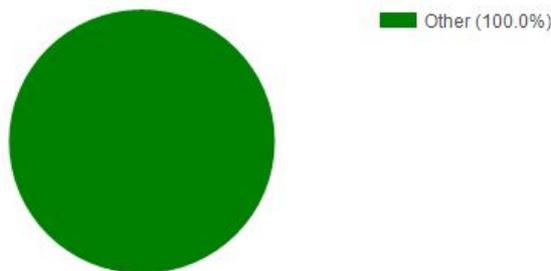


PERF	1w	1m	3m	12m
Dolfines	-2.64%	-2.08%	-21.9%	-62.0%
Capital Goods	1.60%	10.6%	0.38%	-12.3%
STOXX 600	0.38%	5.49%	6.11%	-3.00%

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
EBITDA(R) margin	%	-32.4	-2.47	-5.18
Depreciation	€th			
Underlying operating profit	€th	-1,486	-497	-763
Operating profit (EBIT)	€th	-1,492	-497	-763
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			
Adjusted attributable net profit	€th	-1,552	-634	-900
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
Free cash flow (pre div.)	€th	-2,160	-1,118	-1,154

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
Benchmark EPS	€	-0.08	-0.02	-0.03
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

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
Ordinary shareholders' equity	€th	1,434	4,792	4,892
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
Net debt (cash)	€th	3,807	925	1,078
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
ROE (after tax)	%	-81.8	-20.4	-18.6
ROCE	%	-21.3	-6.49	-9.51
Gearing (at book value)	%	168	49.4	20.5
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
Reference P/E (benchmark)	x	-7.65	-10.5	-9.62
Free cash flow yield	%	-17.9	-13.3	-13.7
P/Book	x	8.41	1.75	1.72
Dividend yield	%	0.00	0.00	0.00

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
EV/EBITDA(R)	x	-11.2	-51.4	-22.7
EV/Sales	x	3.61	1.27	1.18

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