



Dolfines

Engineering-Heavy Constr. / France

Second green bond, rig sale resurfaces

Significant news - 01/12/2021

The company is issuing a €2m green bond and is separating the conventional and renewable activities. The latter was already announced early last year, yet it seems that the improving environment in oil & gas explains this restart. The stock is up 15%, after a volatile November, and, in our view, due to the company issuing the €2m bond instead of using the OCABSA line.

Fact

- Legal separation of the oil & gas activities and renewables activities
- Issuance of a €2m green bond:
 - 2-year maturity, repayable monthly, annual coupon 12% payable monthly
 - Conversion price €0.50 per share (from July 2022 to November 2023)

Analysis

On the separation of the two businesses, we do not believe this will lead to an independent listing of the renewables business. All in all, there seems to be limited interactions between the audit & inspection division and the renewables one, hence the split should have no consequences on the business.

The separation was announced in March 2020, and it may have been on hold during the challenging 2020. Yet, the improving environment in oil & gas, as highlighted by the recovery witnessed in H1, justifies the restart of this process. As further evidence of the latter, a potential sale of the Rig Sedlar resurfaces. As a reminder, the rig was built in 2007 and written down to zero in 2019.

On the €2m bond issuance, beside the conversion price, the financial terms are similar to the first one issued early this year. Conversion of the bod would lead to the creation of 4 million shares.



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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: 136%

Target Price (6 months)	€ 0.63
Share Price	€ 0.27
Market Cap. €M	5.14
Price Momentum	NEGATIVE
Extremes 12Months	0.27 ▶ 1.55
Sustainability score	2.4 /10
Credit Risk	DDD →
Bloomberg	ALDOL FP Equity
Reuters	ALDOL.PA



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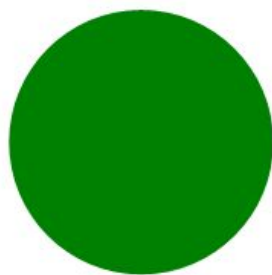


PERF	1w	1m	3m	12m
Dolfines	-22.2%	-38.7%	-39.0%	-62.3%
Capital Goods	-3.04%	0.81%	-4.94%	20.0%
STOXX 600	-3.40%	-2.64%	-2.06%	18.9%

Last updated: 10/11/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-3.44	-4.16	-7.36	-7.10
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-5.76	-6.05	-13.9	-15.4
Adjusted EPS (€)	-0.15	-0.06	-0.04	-0.04
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	2,525	6,030	7,273	8,307
EBIT margin (%)	-67.5	-18.2	-7.56	-6.63
Attributable net profit (€th)	-2,323	-1,377	-891	-934
ROE (after tax) (%)	-121	-50.0	-26.0	-28.9
Gearing (%)	79.4	21.0	0.59	7.67

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

Sales by Geography



Other (100.0%)

Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	€th	2,525	6,030	7,273
Change in sales	%	-58.1	139	20.6
Change in staff costs	%	-49.6	151	11.1
EBITDA	€th	-1,827	-917	-416
EBITDA(R) margin	%	-72.4	-15.2	-5.72
Depreciation	€th			
Underlying operating profit	€th	-1,934	-1,188	-702
Operating profit (EBIT)	€th	-1,934	-1,188	-702
Net financial expense	€th	-71.6	-189	-189
of which related to pensions	€th		-2.85	-3.51
Exceptional items & other	€th	-306	0.00	0.00
Corporate tax	€th	-11.8	0.00	0.00
Equity associates	€th			
Minority interests	€th			
Adjusted attributable net profit	€th	-2,323	-1,377	-891
NOPAT	€th	-1,354	-830	-489

Cashflow Statement

EBITDA	€th	-1,827	-917	-416
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	-1,827	-1,117	-416
Capital expenditure	€th	-300	-300	-300
Total investment flows	€th	-300	-1,300	-300
Net interest expense	€th	-71.6	-189	-189
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	3,200	3,330	1,450
Total financial flows	€th	3,128	4,257	575
Change in cash position	€th	1,001	1,840	-141
Free cash flow (pre div.)	€th	-2,199	-1,606	-905

Per Share Data

No. of shares net of treas. stock (year...	Th	18,546	18,846	21,786
Number of diluted shares (average)	Th	15,637	21,366	24,436
Benchmark EPS	€	-0.15	-0.06	-0.04
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 1.06	35%	● Saipem
NAV/SOTP per share	€ 1.19	20%	● TechnipFMC
EV/Ebitda	€ 0.00	20%	● Nordex SE
P/E	€ 0.13	10%	● Elecnor
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.20	5%	
TARGET PRICE	€ 0.63	100%	

NAV/SOTP Calculation

Balance Sheet

		12/20A	12/21E	12/22E
Goodwill	€th			
Total intangible	€th	3,009	3,038	3,052
Tangible fixed assets	€th	10.3	10.3	10.3
Financial fixed assets	€th			
WCR	€th	821	1,021	1,021
Other assets	€th	82.7	57.1	57.1
Total assets (net of short term liab.)	€th	4,204	4,407	4,421
Ordinary shareholders' equity	€th	2,374	3,140	3,701
Quasi Equity & Preferred	€th			
Minority interests	€th	0.00	0.00	0.00
Provisions for pensions	€th		164	166
Other provisions for risks and liabilities	€th	25.5	25.5	25.5
Total provisions for risks and liabilities	€th	25.5	189	192
Tax liabilities	€th	781	781	781
Other liabilities	€th	0.00	0.00	0.00
Net debt (cash)	€th	1,023	296	-252
Total liab. and shareholders' equity	€th	4,204	4,407	4,421

Capital Employed

Capital employed after depreciation	€th	3,840	4,069	4,083
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Profits & Risks Ratios

ROE (after tax)	%	-121	-50.0	-26.0
ROCE	%	-35.2	-20.4	-12.0
Gearing (at book value)	%	79.4	21.0	0.59
Adj. Net debt/EBITDA(R)	x	-0.56	-0.32	0.61
Interest cover (x)	x	-27.0	-6.38	-3.78

Valuation Ratios

Reference P/E (benchmark)	x	-3.44	-4.16	-7.36
Free cash flow yield	%	-23.2	-31.7	-15.5
P/Book	x	3.99	1.61	1.58
Dividend yield	%	0.00	0.00	0.00

EV Calculation

Market cap	€th	9,473	5,060	5,849
+ Provisions	€th	25.5	189	192
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	1,023	296	-252
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	10,521	5,546	5,789
EV/EBITDA(R)	x	-5.76	-6.05	-13.9
EV/Sales	x	4.17	0.92	0.80

Analyst : Kevin Vo, Changes to Forecasts : 10/11/2021.