

**dsw**

Engineering-Heavy Constr. / France

Collaboration to bring floater on the international stage

Significant news - 06/04/2020

Dolfines/Dietswell has signed a Memorandum of Understanding with CIMC Raffles. This collaboration is a positive development, and, as we have argued in the past, was a necessary step for the commercialisation of the floater. CIMC Raffles is a Chinese company with a global presence, which should help to commercialise the floater internationally.

Fact

Dolfines and CIMC Raffles sign a Memorandum of Understanding in floating wind activities.

Impact

The main takeaway is that Dolfines/Dietswell gains a lot of leverage by collaborating with an international group with manufacturing capabilities.

CIMC Raffles is the offshore engineering subsidiary of the China International Marine Containers group (CIMC), owned by the China Merchant Group and Cosco Shipping. CIMC Raffles is an EPC (Engineering Procurement Construction) company with shipyards and has been working on oil & gas projects such as semi-submersible drilling platforms and jack-up platforms. It is therefore a group specialised in oil & gas and branching out into the, more dynamic, renewables space.

Lastly, the two companies are like-minded operators that share a background in offshore oil & gas, which is positive and should make the collaboration easier. CIMC has an international and diverse reach and has been contracted by oil majors such as BP and Petrobras. We believe the latter (oil companies) are the first potential customers for CIMC/Dolfines, which was confirmed by the marketing director of CIMC Raffles on the press release, with the group looking to “accompany O&G majors towards a carbon neutral future, securing profitable offshore production by giving O&G infrastructure a second life”.

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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: 314%
Target Price (6 months)	€ 1.66
Share Price	€ 0.40
Market Cap. €M	2.55
Price Momentum	UNFAVORABLE
Extremes 12Months	0.16 ▶ 1.38
Bloomberg	ALDIE FP Equity
Reuters	ALDIE.PA

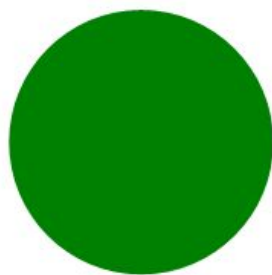
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PERF	1w	1m	3m	12m
Dietswell	56.9%	-21.3%	-52.9%	-69.2%
Capital Goods	0.18%	-16.4%	-26.6%	-15.2%
STOXX 600	-0.59%	-20.0%	-26.1%	-20.5%

Last updated: 24/01/2020	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	-18.8	-8.90	-5.47	19.2
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	ns	-26.0	6.14	3.53
Adjusted EPS (€)	-0.05	-0.12	-0.07	0.02
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	7,149	7,200	8,775	21,875
EBIT margin (%)	10.7	-7.68	7.46	9.79
Attributable net profit (€th)	-282	-774	-613	219
ROE (after tax) (%)	-7.64	-21.9	-21.1	6.47
Gearing (%)	25.8	57.1	72.2	34.3

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

Sales by Geography



Other (100.0%)

Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	€th	7,149	7,200	8,775
Change in sales	%	5.54	0.71	21.9
Change in staff costs	%	4.85	6.16	6.33
EBITDA	€th	21.3	-363	927
EBITDA(R) margin	%	0.30	-5.05	10.6
Depreciation	€th			
Underlying operating profit	€th	-273	-713	542
Operating profit (EBIT)	€th	-250	-713	98.3
Net financial expense	€th	-29.3	-60.6	-501
of which related to pensions	€th		-5.70	-7.02
Exceptional items & other	€th	0.00	0.00	0.00
Corporate tax	€th	-2.45	0.00	-211
Equity associates	€th			
Minority interests	€th			
Adjusted attributable net profit	€th	-282	-774	-613
NOPAT	€th	-175	-495	73.7

Cashflow Statement

		12/18A	12/19E	12/20E
EBITDA	€th	21.3	-363	927
Change in WCR	€th	-144	0.00	500
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	-2.45	0.00	-211
Exceptional items	€th			
Other operating cash flows	€th	207		
Total operating cash flows	€th	82.0	-363	1,216
Capital expenditure	€th	-1,313	-500	-500
Total investment flows	€th	-1,449	-500	-2,500
Net interest expense	€th	-29.3	-60.6	-501
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	1,061	0.00	2,015
Total financial flows	€th	1,743	424	666
Change in cash position	€th	377	-439	-618
Free cash flow (pre div.)	€th	-1,260	-924	215

Per Share Data

		12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...	Th	6,364	6,364	8,379
Number of diluted shares (average)	Th	5,834	6,364	8,379
Benchmark EPS	€	-0.05	-0.12	-0.07
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 2.82	35%	● TechnipFMC
NAV/SOTP per share	€ 2.98	20%	■ Saipem
EV/Ebitda	€ 0.22	20%	● Elecnor
P/E	€ 0.20	10%	● Ecoslops
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.20	5%	
TARGET PRICE	€ 1.66	100%	

NAV/SOTP Calculation

Balance Sheet

		12/18A	12/19E	12/20E
Goodwill	€th			
Total intangible	€th	2,942	3,092	3,207
Tangible fixed assets	€th	1,136	1,136	1,136
Financial fixed assets	€th			
WCR	€th	2,192	2,192	1,692
Other assets	€th	188	182	182
Total assets (net of short term liab.)	€th	6,655	6,800	6,416
Ordinary shareholders' equity	€th	4,076	2,975	2,823
Quasi Equity & Preferred	€th			
Minority interests	€th		0.00	0.00
Provisions for pensions	€th		328	333
Other provisions for risks and liabilities	€th	83.4	83.4	83.4
Total provisions for risks and liabilities	€th	83.4	411	416
Tax liabilities	€th	1,225	1,225	1,225
Other liabilities	€th	31.2	31.2	31.2
Net debt (cash)	€th	1,239	2,158	1,920
Total liab. and shareholders' equity	€th	6,655	6,800	6,416

Capital Employed

		12/18A	12/19E	12/20E
Capital employed after depreciation	€th	6,269	6,420	6,035

Profits & Risks Ratios

		12/18A	12/19E	12/20E
ROE (after tax)	%	-7.64	-21.9	-21.1
ROCE	%	-2.79	-7.71	1.22
Gearing (at book value)	%	25.8	57.1	72.2
Adj. Net debt/EBITDA(R)	x	58.3	-5.94	2.07
Interest cover (x)	x	-9.34	-13.0	1.10

Valuation Ratios

		12/18A	12/19E	12/20E
Reference P/E (benchmark)	x	-18.8	-8.90	-5.47
Free cash flow yield	%	-21.8	-13.4	6.42
P/Book	x	1.42	2.31	1.19
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/18A	12/19E	12/20E
Market cap	€th	5,784	6,881	3,352
+ Provisions	€th	83.4	411	416
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	1,239	2,158	1,920
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	7,107	9,450	5,688
EV/EBITDA(R)	x	ns	-26.0	6.14
EV/Sales	x	0.99	1.31	0.65

Analyst : Kevin Vo, Changes to Forecasts : 24/01/2020.