



# dsw

Engineering-Heavy Constr. / France

## H1: a semester to forget in oil activities

Earnings/sales releases - 30/10/2020

### Fact

H1 :

Turnover: €1.5m (-50% yoy)

EBITDA: €-1.1m (vs €-0.3m in H1 19)

Net income: €-1.3m (vs €-0.5m in H1 19)

Net debt: €0.4m

Treasury: €0.7m

### Analysis

In renewables, nothing new since the positive update at the beginning of the month.

In oil & gas, Dolfines has been seriously impacted by the oil price crash. By way of comparison, CGG's revenue was down 20% yoy. Despite operating in activities that are deemed to be more recurring (drilling for Dolfines/exploration for CGG), Dolfines' small size and concentration of customers/contracts make it more vulnerable to abrupt changes in the environment. Hopefully this will also hold true for the recovery...

### Impact

We will revise downwards the forecasts in our model for oil & gas.



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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: 31.1%

Target Price (6 months) € 1.36

Share Price € 1.04

Market Cap. €M 6.59

Price Momentum **GOOD**

Extremes 12Months 0.16 ▶ 1.61

Bloomberg ALDIE FP Equity

Reuters ALDIE.PA

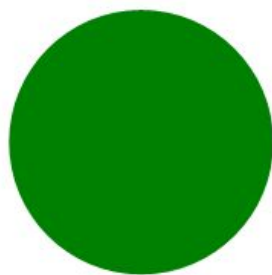

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PERF	1w	1m	3m	12m
Dolfines	2.48%	11.3%	-20.4%	33.0%
Capital Goods	-5.11%	-5.89%	-0.51%	13.4%
STOXX 600	-5.14%	-5.46%	-6.99%	-14.2%

Last updated: 08/09/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	-4.39	-4.49	-6.63	-12.0
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-10.3	-7.25	-11.5	ns
Adjusted EPS (€)	-0.25	-0.23	-0.16	-0.09
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	6,031	4,750	5,350	7,025
EBIT margin (%)	-23.5	-37.4	-6.61	-0.36
Attributable net profit (€th)	-2,669	-1,871	-1,638	-897
ROE (after tax) (%)	-96.4	-142	-173	-302
Gearing (%)	137	241	434	

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

## Sales by Geography



Other (100.0%)

## Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	€th	6,031	4,750	5,350
Change in sales	%	-15.6	-21.2	12.6
Change in staff costs	%	-13.6	-16.0	0.00
EBITDA	€th	-936	-1,584	-1,175
<b>EBITDA(R) margin</b>	<b>%</b>	<b>-15.5</b>	<b>-33.4</b>	<b>-22.0</b>
Depreciation	€th			
Underlying operating profit	€th	-1,405	-1,850	-1,456
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-2,505</b>	<b>-1,850</b>	<b>-1,456</b>
Net financial expense	€th	-134	-20.8	-485
of which related to pensions	€th		-2.85	-3.51
Exceptional items & other	€th	-28.2	0.00	0.00
Corporate tax	€th	-1.53	0.00	0.00
Equity associates	€th			
Minority interests	€th			304
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-1,569</b>	<b>-1,871</b>	<b>-1,638</b>
NOPAT	€th	-984	-1,293	-1,017

## Cashflow Statement

EBITDA	€th	-936	-1,584	-1,175
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	-936	-1,384	-1,175
Capital expenditure	€th	-326	-500	-300
Total investment flows	€th	-326	-500	-300
Net interest expense	€th	-134	-20.8	-485
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	0.00	1,760	1,490
Total financial flows	€th	-134	936	1,008
Change in cash position	€th	-1,395	-948	-467
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>-1,395</b>	<b>-1,905</b>	<b>-1,960</b>

## Per Share Data

No. of shares net of treas. stock (year...	Th	6,364	8,124	9,614
Number of diluted shares (average)	Th	6,364	8,124	10,494
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.25</b>	<b>-0.23</b>	<b>-0.16</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	€ 2.23	35%	■ Nordex SE
NAV/SOTP per share	€ 2.50	20%	■ TechnipFMC
EV/Ebitda	€ 0.00	20%	■ Saipem
P/E	€ 0.52	10%	■ Elecnor
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.52	5%	
TARGET PRICE	€ 1.36	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/19A	12/20E	12/21E
Goodwill	€th			
Total intangible	€th	3,034	3,268	3,287
Tangible fixed assets	€th	24.2	24.2	24.2
Financial fixed assets	€th			
WCR	€th	1,728	1,528	1,528
Other assets	€th	113	99.1	99.1
Total assets (net of short term liab.)	€th	5,201	5,221	5,240
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>1,458</b>	<b>1,171</b>	<b>720</b>
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	28.4	28.4	28.4
Total provisions for risks and liabilities	€th	28.4	192	195
Tax liabilities	€th	947	947	947
Other liabilities	€th	22.6	22.6	22.6
<b>Net debt (cash)</b>	<b>€th</b>	<b>2,746</b>	<b>2,889</b>	<b>3,355</b>
Total liab. and shareholders' equity	€th	5,202	5,221	5,240

## Capital Employed

Capital employed after depreciation	€th	4,787	4,821	4,840
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## Profits & Risks Ratios

<b>ROE (after tax)</b>	%	<b>-96.4</b>	<b>-142</b>	<b>-173</b>
ROCE	%	-20.6	-26.8	-21.0
<b>Gearing (at book value)</b>	<b>%</b>	<b>137</b>	<b>241</b>	<b>434</b>
Adj. Net debt/EBITDA(R)	x	-2.93	-1.82	-2.86
Interest cover (x)	x	-10.5	-103	-3.02

## Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-4.39</b>	<b>-4.49</b>	<b>-6.63</b>
Free cash flow yield	%	-20.3	-22.7	-19.7
P/Book	x	4.72	7.18	13.8
<b>Dividend yield</b>	<b>%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

Market cap	€th	6,881	8,409	9,951
+ Provisions	€th	28.4	192	195
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	2,746	2,889	3,355
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	9,656	11,489	13,501
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-10.3</b>	<b>-7.25</b>	<b>-11.5</b>
EV/Sales	x	1.60	2.42	2.52

Analyst : Kevin Vo, Changes to Forecasts : 08/09/2020.