



Dolfines

Engineering-Heavy Constr. / France

Transaction completed in wind services

Significant news - 02/08/2021

The acquisition of 8.2 France is complete and Dolfines has signed a financing agreement with an investment company to implement its strategic plan. The transaction (together with funding for working capital) is financed with the issuance of €1.2m of bonds convertible into shares with warrants attached. As we highlighted previously, the strong growth seen at 8.2 France (FY21 sales guided at +35%) is positive as it helps in diversifying Dolfines right from the start of the strategic plan.

Fact

- Completion of the acquisition of 8.2 France
- 8.2 France reported revenues of €1.2m with an EBITDA margin of 18.6% (€0.22m) and guides for a growth outlook of at least 35% for FY21 (€2.43m)
- Financing line established with investment company (Negma)

Analysis

On the acquisition of 8.2 France, the press release mentions complementary businesses and geographical footprints. There are four areas where the transaction seeks to bring benefits (technical expertise / performance / due diligence and technical audit / take a leading position). Essentially, 8.2 France brings a focus on wind energy services in France and Europe, whereas Dolfines has an expertise in offshore services and is present in Africa, the Middle East, Latin America, the North Sea and Asia. Dolfines could then leverage on its international footprint to offer wind services, and help in developing due diligence and technical audit in wind services.

On the funding side, Dolfines has entered a financing agreement with Negma. According to its website, Negma is an investment group from the UAE that focuses on funding small- and medium-sized and publicly-listed companies, via hybrid debt/equity, which is the case with Dolfines. Dolfines has activated a first drawdown of €1.2m for the 8.2 France deal and working capital requirements. The conversion of all the bonds into shares and the exercise of the warrants would lead to the creation of 2.4m shares (13% of the current share count).

Impact

We will update our model following this release.



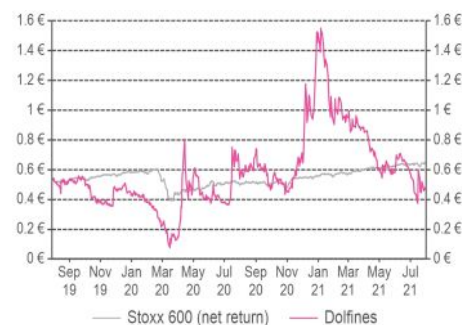
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This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Buy	Upside: 49.8%
Target Price (6 months)	€ 0.72
Share Price	€ 0.48
Market Cap. €M	9.15
Price Momentum	NEGATIVE
Extremes 12Months	0.38 ▶ 1.55
Sustainability score	2.4 /10
Credit Risk	DDD →
Bloomberg	ALDOL FP Equity
Reuters	ALDOL.PA

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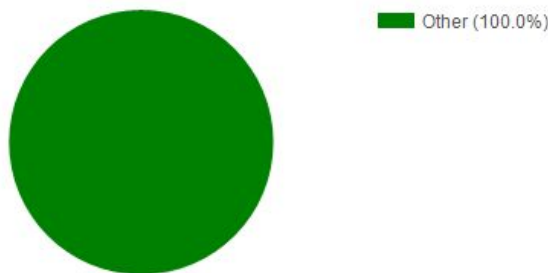


PERF	1w	1m	3m	12m
Dolfines	-8.08%	-17.3%	-20.3%	-17.9%
Capital Goods	-0.83%	2.17%	3.89%	37.6%
STOXX 600	0.05%	1.97%	5.57%	28.4%

Last updated: 23/07/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-3.44	-6.87	-10.1	-37.2
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-5.76	-7.85	-14.5	ns
Adjusted EPS (€)	-0.15	-0.07	-0.05	-0.01
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	2,525	3,150	4,350	5,700
EBIT margin (%)	-67.5	-39.2	-19.5	-14.5
Attributable net profit (€th)	-2,323	-1,404	-1,038	-286
ROE (after tax) (%)	-121	-41.5	-25.2	-7.72
Gearing (%)	79.4	-1.43	-22.7	-12.9

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

Sales by Geography



Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	€th	2,525	3,150	4,350
Change in sales	%	-58.1	24.8	38.1
Change in staff costs	%	-49.6	25.1	16.2
EBITDA	€th	-1,827	-1,026	-690
EBITDA(R) margin	%	-72.4	-32.6	-15.9
Depreciation	€th			
Underlying operating profit	€th	-1,934	-1,297	-976
Operating profit (EBIT)	€th	-1,934	-1,297	-976
Net financial expense	€th	-71.6	-107	-61.7
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	-1,404	-1,038
NOPAT	€th	-1,354	-906	-681

Cashflow Statement

EBITDA	€th	-1,827	-1,026	-690
Change in WCR	€th	0.00	0.00	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	-1,026	-690
Capital expenditure	€th	-300	-300	-300
Total investment flows	€th	-300	-300	-300
Net interest expense	€th	-71.6	-107	-61.7
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	3,200	3,600	500
Total financial flows	€th	3,128	4,610	-248
Change in cash position	€th	1,001	3,284	-1,238
Free cash flow (pre div.)	€th	-2,199	-1,432	-1,052

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	20,166	22,036
Benchmark EPS	€	-0.15	-0.07	-0.05
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 1.16	35%	● Nordex SE
NAV/SOTP per share	€ 1.36	20%	■ TechnipFMC
EV/Ebitda	€ 0.00	20%	■ Saipem
P/E	€ 0.24	10%	■ Elecnor
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.25	5%	
TARGET PRICE	€ 0.72	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	821	821
Other assets	€th	82.7	57.1	57.1
Total assets (net of short term liab.)	€th	4,204	4,207	4,221
Ordinary shareholders' equity	€th	2,374	4,384	3,848
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	-1,148	-599
Total liab. and shareholders' equity	€th	4,204	4,207	4,221

Capital Employed

Capital employed after depreciation	€th	3,840	3,869	3,883
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Profits & Risks Ratios

ROE (after tax)	%	-121	-41.5	-25.2
ROCE	%	-35.2	-23.4	-17.5
Gearing (at book value)	%	79.4	-1.43	-22.7
Adj. Net debt/EBITDA(R)	x	-0.56	1.12	0.87
Interest cover (x)	x	-27.0	-12.5	-16.8

Valuation Ratios

Reference P/E (benchmark)	x	-3.44	-6.87	-10.1
Free cash flow yield	%	-23.2	-15.9	-10.1
P/Book	x	3.99	2.05	2.71
Dividend yield	%	0.00	0.00	0.00

EV Calculation

Market cap	€th	9,473	9,008	10,413
+ 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	-1,148	-599
+ 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	8,050	10,006
EV/EBITDA(R)	x	-5.76	-7.85	-14.5
EV/Sales	x	4.17	2.56	2.30

Analyst : Kevin Vo, Changes to Forecasts : 23/07/2021.