



Ecoslops

Other Energies / France

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Ecoslops to benefit from potential new green regulations on shipping hydrocarbon residues

Regulation - 22/11/2016

■ Analysis

The Paris Agreement doesn't directly address shipping. Global environmental regulations on the industry are drafted by the UN International Maritime Organization (IMO).

At the end of October, the IMO agreed on a roadmap (2017 through to 2023) to develop a strategy to cut greenhouse gas emissions from ships to be adopted in 2023.

According to the roadmap, IMO's Marine Environment Protection Committee should define, among other things, the role of the "shipping sector in supporting the goals of the Paris Agreement."

Targets have not been set yet and it is unclear whether the framework would include stricter regulations on the disposal and treatment of sludges, bilge water and slops – not greenhouse emissions *stricto sensu*.

However, additions to policies on hydrocarbon residues are likely in the context of regulating pollution from shipping and would probably support Ecoslops' basket of opportunities, as the company offers a proven outlet to these by-products of the global maritime trade.

AlphaValue is contracted by Ecoslops to provide equity research on Ecoslops, using AlphaValue's unique and transparent methods and procedures. Target price and opinion are thus exclusively determined by those methods and procedures.

| | |
|--------------------------|----------------------|
| Buy | Upside : 115% |
| Target Price (6 months) | € 19.5 |
| Share Price | € 9.07 |
| Market Capitalisation €M | 27.7 |
| Price Momentum | NEGATIVE |
| Extremes 12Months | 5.60 ▶ 11.6 |
| Newsflow | Positive |
| Bloomberg | ALESA FP Equity |
| Reuters | ALESA.PA |

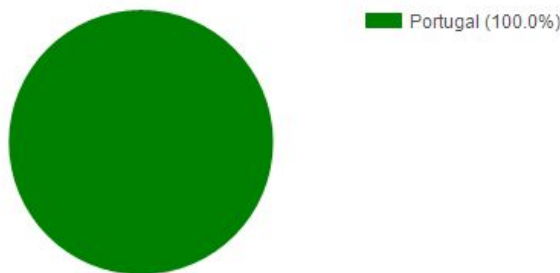
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| PERF | 1w | 1m | 3m | 12m |
|-----------|-------|--------|--------|--------|
| Ecoslops | 2.14% | -11.3% | -10.6% | 0.22% |
| Oils | 2.19% | -1.59% | 6.97% | 15.0% |
| STOXX 600 | 0.55% | -0.95% | 0.17% | -10.7% |

| Last updated: 15/11/2016 | 12/14A | 12/15A | 12/16E | 12/17E |
|-------------------------------|--------|--------|--------|--------|
| Adjusted P/E (x) | -7.11 | -5.92 | -6.60 | -31.4 |
| Dividend yield (%) | 0.00 | 0.00 | 0.00 | 0.00 |
| EV/EBITDA(R) (x) | -14.3 | -10.3 | -17.1 | 33.1 |
| Adjusted EPS (€) | -1.27 | -2.17 | -1.38 | -0.29 |
| Growth in EPS (%) | n/a | n/a | n/a | n/a |
| Dividend (€) | 0.00 | 0.00 | 0.00 | 0.00 |
| Sales (€th) | 2,241 | 2,296 | 4,086 | 8,242 |
| EBITDA/R margin (%) | -104 | ns | -54.9 | 20.7 |
| Attributable net profit (€th) | -2,816 | -5,837 | -4,386 | -1,070 |
| ROE (after tax) (%) | -81.2 | -67.2 | -37.1 | -7.42 |
| Gearing (%) | | 83.3 | 107 | 84.0 |

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

Sales by Geography



Consolidated P&L Accounts

| | | 12/15A | 12/16E | 12/17E |
|---|------------|---------------|---------------|---------------|
| Sales | €th | 2,296 | 4,086 | 8,242 |
| Change in sales | % | 2.47 | 78.0 | 102 |
| Change in staff costs | % | 101 | -11.8 | 66.7 |
| EBITDA | €th | -4,637 | -2,347 | 1,704 |
| EBITDA(R) margin | % | -202 | -57.4 | 20.7 |
| Depreciation | €th | -1,593 | -1,281 | -1,454 |
| Underlying operating profit | €th | -6,286 | -3,628 | 250 |
| Operating profit (EBIT) | €th | -6,286 | -3,628 | 250 |
| Net financial expense | €th | -212 | -643 | -1,120 |
| of which related to pensions | €th | | 0.00 | 0.00 |
| Exceptional items & other | €th | -2.09 | 0.52 | 0.00 |
| Corporate tax | €th | 664 | -116 | -200 |
| Equity associates | €th | 0.00 | 0.00 | 0.00 |
| Minority interests | €th | 0.00 | 0.00 | 0.00 |
| Adjusted attributable net profit | €th | -5,837 | -4,386 | -1,070 |
| NOPAT | €th | -4,400 | -2,540 | 175 |

Cashflow Statement

| | | | | |
|---|------------|----------------|---------------|----------------|
| EBITDA | €th | -4,637 | -2,347 | 1,704 |
| Change in WCR | €th | -1,527 | -404 | -741 |
| Actual div. received from equity holdi... | €th | 0.00 | 0.00 | 0.00 |
| Paid taxes | €th | 0.00 | -116 | -200 |
| Exceptional items | €th | 0.00 | 0.00 | 0.00 |
| Other operating cash flows | €th | -2,030 | -333 | 0.00 |
| Total operating cash flows | €th | -8,195 | -3,200 | 763 |
| Capital expenditure | €th | -2,871 | -367 | -17,200 |
| Total investment flows | €th | -2,871 | -367 | -17,200 |
| Net interest expense | €th | -212 | -643 | -1,120 |
| Dividends (parent company) | €th | 0.00 | 0.00 | 0.00 |
| Dividends to minorities interests | €th | 0.00 | 0.00 | 0.00 |
| New shareholders' equity | €th | 16,278 | 148 | 10,444 |
| Total financial flows | €th | 12,405 | 3,746 | 19,683 |
| Change in cash position | €th | 1,339 | 179 | 3,246 |
| Free cash flow (pre div.) | €th | -11,278 | -4,210 | -17,557 |

Per Share Data

| | | | | |
|--|----------|--------------|--------------|--------------|
| No. of shares net of treas. stock (year... | Th | 3,054 | 3,054 | 4,054 |
| Number of diluted shares (average) | Th | 2,696 | 3,190 | 3,699 |
| Benchmark EPS | € | -2.17 | -1.38 | -0.29 |
| Restated NAV per share | € | | | |
| Net dividend per share | € | 0.00 | 0.00 | 0.00 |

Valuation Summary

| Benchmarks | Value | Weight | Largest comparables |
|--------------------|--------|--------|----------------------|
| DCF | € 26.4 | 40% | ■ Neste |
| NAV/SOTP per share | € 20.7 | 40% | ■ Galp Energia |
| P/E | € 4.54 | 5% | ■ Saras |
| EV/Ebitda | € 0.00 | 5% | ■ Hellenic Petroleum |
| P/Book | € 7.82 | 5% | ■ Acciona |
| Dividend Yield | € 0.00 | 5% | |
| TARGET PRICE | € 19.5 | 100% | |

NAV/SOTP Calculation

Balance Sheet

| | | 12/15A | 12/16E | 12/17E |
|--|------------|---------------|---------------|---------------|
| Goodwill | €th | 0.00 | 0.00 | 0.00 |
| Total intangible | €th | 645 | 594 | 594 |
| Tangible fixed assets | €th | 18,335 | 17,474 | 33,220 |
| Financial fixed assets | €th | 19.1 | 19.1 | 19.1 |
| WCR | €th | 774 | 1,178 | 1,919 |
| Other assets | €th | 2,497 | 2,889 | 2,889 |
| Total assets (net of short term liab.) | €th | 23,015 | 22,881 | 39,368 |
| Ordinary shareholders' equity | €th | 13,898 | 9,742 | 19,117 |
| Quasi Equity & Preferred | €th | 0.00 | 0.00 | 0.00 |
| Minority interests | €th | 0.00 | 0.00 | 0.00 |
| Provisions for pensions | €th | 0.00 | 0.00 | 0.00 |
| Other provisions for risks and liabilities | €th | 0.00 | 0.00 | 0.00 |
| Total provisions for risks and liabilities | €th | 0.00 | 0.00 | 0.00 |
| Tax liabilities | €th | 0.00 | 0.00 | 0.00 |
| Other liabilities | €th | 677 | 637 | 637 |
| Net debt (cash) | €th | 8,440 | 12,502 | 19,615 |
| Total liab. and shareholders' equity | €th | 23,015 | 22,881 | 39,368 |

Capital Employed

| | | | | |
|-------------------------------------|-----|--------|--------|--------|
| Capital employed after depreciation | €th | 19,774 | 19,265 | 35,752 |
|-------------------------------------|-----|--------|--------|--------|

Profits & Risks Ratios

| | | | | |
|--------------------------------|---|--------------|--------------|--------------|
| ROE (after tax) | % | -67.2 | -37.1 | -7.42 |
| ROCE | % | -22.3 | -13.2 | 0.49 |
| Gearing (at book value) | % | 83.3 | 107 | 84.0 |
| Adj. Net debt/EBITDA(R) | x | -1.82 | -5.33 | 11.5 |
| Interest cover (x) | x | -29.6 | -5.64 | 0.22 |

Valuation Ratios

| | | | | |
|----------------------------------|----------|--------------|--------------|--------------|
| Reference P/E (benchmark) | x | -5.92 | -6.60 | -31.4 |
| Free cash flow yield | % | -28.8 | -15.2 | -47.8 |
| P/Book | x | 2.81 | 2.84 | 1.92 |
| Dividend yield | % | 0.00 | 0.00 | 0.00 |

EV Calculation

| | | | | |
|---|----------|--------------|--------------|-------------|
| Market cap | €th | 39,110 | 27,695 | 36,765 |
| + Provisions | €th | 0.00 | 0.00 | 0.00 |
| + Unrecognised actuarial losses/(gains) | €th | 0.00 | 0.00 | 0.00 |
| + Net debt at year end | €th | 8,440 | 12,502 | 19,615 |
| + Leases debt equivalent | €th | 0.00 | 0.00 | 0.00 |
| - Financial fixed assets (fair value) | €th | | | |
| + Minority interests (fair value) | €th | | | |
| = EV | €th | 47,550 | 40,197 | 56,380 |
| EV/EBITDA(R) | x | -10.3 | -17.1 | 33.1 |
| EV/Sales | x | 20.7 | 9.84 | 6.84 |

Analyst : Marzio Foa, Changes to Forecasts : 15/11/2016.