



Ecoslops

Other Energies / France



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Positive EBITDA at Sines

Earnings/sales releases - 28/09/2017

Fact

H1 17 revenues came in at €2.9m, almost doubling from H1 16. Sines posted its first positive EBITDA; group EBITDA was just below break-even but €1.8m higher vs. last year.

The net loss was €0.9m, a €2m improvement.

Analysis

These results highlight very strong project management and business development capabilities.

The increase in value-added products in the product mix resulted in a higher selling price per ton. As announced earlier this month, the company has already managed to complete two deliveries to the nearby Galp refinery in August.

At Sines, operating expenses declined thanks to a larger contribution of locally-sourced slops (vs. imported) and a further reduction in staff costs.

In 2018, some relatively inexpensive modifications may be made to the Sines plant which should lead to higher daily production volumes.

On the technology side, Ecoslops's work on the mini-P2R (4-8,000 tons per year) is an attractive avenue for the company's know-how. A plant should fit within a 20 feet container. The technology could require some hundred thousand euros for laboratory development, and a few millions euros for a first project. A mini-P2R plant would probably be moveable.

Impact

The release confirms our upbeat views on Ecoslops.

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: 25.6%
Target Price (6 months)	€ 20.8
Share Price	€ 16.6
Market Cap. €M	54.9
Price Momentum	STRONG
Extremes 12Months	8.88 ▶ 16.9
Bloomberg	ALESA FP Equity
Reuters	ALESA.PA

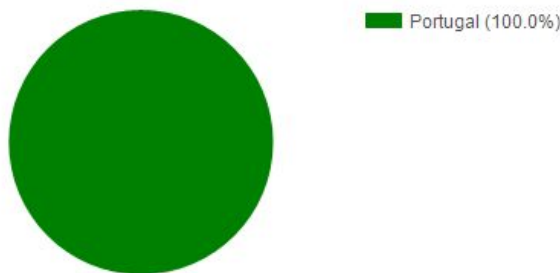
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PERF	1w	1m	3m	12m
Ecoslops	-0.18%	19.9%	25.7%	58.4%
Oils	2.35%	6.21%	6.90%	25.4%
STOXX 600	0.95%	3.58%	-0.09%	13.4%

Last updated: 14/06/2017	12/15A	12/16A	12/17E	12/18E
Adjusted P/E (x)	-5.92	-8.69	ns	ns
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-10.3	-14.3	53.2	20.3
Adjusted EPS (€)	-2.17	-1.04	-0.28	0.09
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	2,296	4,366	8,242	18,563
EBITDA/R margin (%)	ns	-65.9	20.7	30.4
Attributable net profit (€th)	-5,837	-3,420	-1,070	400
ROE (after tax) (%)	-67.2	-26.1	-6.29	1.82
Gearing (%)	83.3	79.1	69.4	139

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

Sales by Geography



Consolidated P&L Accounts

		12/16A	12/17E	12/18E
Sales	€th	4,366	8,242	18,563
Change in sales	%	90.2	88.8	125
Change in staff costs	%	-13.9	47.1	80.0
EBITDA	€th	-2,875	1,704	5,645
EBITDA(R) margin	%	-65.9	20.7	30.4
Depreciation	€th	-1,114	-1,454	-2,954
Underlying operating profit	€th	-4,023	250	2,692
Operating profit (EBIT)	€th	-4,023	250	2,692
Net financial expense	€th	-319	-1,120	-1,809
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th	-3.68	0.00	0.00
Corporate tax	€th	926	-200	-483
Equity associates	€th	0.00	0.00	0.00
Minority interests	€th	0.00	0.00	0.00
Adjusted attributable net profit	€th	-3,420	-1,070	400
NOPAT	€th	-2,816	175	1,884

Cashflow Statement

		12/16A	12/17E	12/18E
EBITDA	€th	-2,875	1,704	5,645
Change in WCR	€th	609	-1,736	-2,920
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	0.00	-200	-483
Exceptional items	€th	0.00	0.00	0.00
Other operating cash flows	€th	-637	0.00	0.00
Total operating cash flows	€th	-2,904	-231	2,243
Capital expenditure	€th	-374	-17,200	-24,500
Total investment flows	€th	-374	-17,200	-24,500
Net interest expense	€th	-319	-1,120	-1,809
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	1,915	10,444	259
Total financial flows	€th	5,965	20,065	19,191
Change in cash position	€th	2,687	2,633	-3,066
Free cash flow (pre div.)	€th	-3,596	-18,552	-24,066

Per Share Data

		12/16A	12/17E	12/18E
No. of shares net of treas. stock (year...	Th	3,310	4,310	4,310
Number of diluted shares (average)	Th	3,281	3,890	4,402
Benchmark EPS	€	-1.04	-0.28	0.09
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 30.1	40%	■ Neste
NAV/SOTP per share	€ 19.8	40%	● Galp Energia
P/E	€ 8.29	5%	■ Saras
EV/Ebitda	€ 0.00	5%	■ Hellenic Petroleum
P/Book	€ 9.08	5%	● Acciona
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 20.8	100%	

NAV/SOTP Calculation

Balance Sheet

		12/16A	12/17E	12/18E
Goodwill	€th	0.00	0.00	0.00
Total intangible	€th	542	542	542
Tangible fixed assets	€th	17,689	33,436	54,982
Financial fixed assets	€th	19.1	19.1	19.1
WCR	€th	164	1,900	4,820
Other assets	€th	3,380	3,380	3,380
Total assets (net of short term liab.)	€th	23,907	41,389	65,855
Ordinary shareholders' equity	€th	12,297	21,704	22,363
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	33.8	0.00	0.00
Total provisions for risks and liabilities	€th	33.8	0.00	0.00
Tax liabilities	€th	0.00	0.00	0.00
Other liabilities	€th	564	564	564
Net debt (cash)	€th	11,014	19,122	42,928
Total liab. and shareholders' equity	€th	23,908	41,389	65,855

Capital Employed

		12/16A	12/17E	12/18E
Capital employed after depreciation	€th	18,415	35,897	60,363

Profits & Risks Ratios

		12/16A	12/17E	12/18E
ROE (after tax)	%	-26.1	-6.29	1.82
ROCE	%	-15.3	0.49	3.12
Gearing (at book value)	%	79.1	69.4	139
Adj. Net debt/EBITDA(R)	x	-3.83	11.2	7.60
Interest cover (x)	x	-12.6	0.22	1.49

Valuation Ratios

		12/16A	12/17E	12/18E
Reference P/E (benchmark)	x	-8.69	ns	ns
Free cash flow yield	%	-12.0	-26.0	-33.7
P/Book	x	2.44	3.29	3.20
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/16A	12/17E	12/18E
Market cap	€th	29,990	71,462	71,462
+ Provisions	€th	33.8	0.00	0.00
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	11,014	19,122	42,928
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	41,038	90,584	114,390
EV/EBITDA(R)	x	-14.3	53.2	20.3
EV/Sales	x	9.40	11.0	6.16

Analyst : Marzio Foa, Changes to Forecasts : 14/06/2017.