



Dolfines

Engineering-Heavy Constr. / France

Green shoots

Significant news - 19/07/2021

The company released a positive update which triggered a 60% spike in the stock price. While there are various elements in the update, we believe the large stock move is mainly due to the strong growth seen in both oil & gas and wind activities (8.2 France). Furthermore, the company intends to pursue external growth in wind services, as it expects the Dolfines / 8.2 France combination to attract other market players.

Fact

- 1 by 2 stock split, total share count: 19,145,548 shares
- Acquisition of 8.2 France near completion
- Acceleration of the development of the 15MW turbine carrier float

Analysis

Wind services: the acquisition of 8.2 France is ongoing with a signing objective by the end of the month. The growth seen in 2020 (sales +16% yoy) is accelerating in 2021. The company mentions that the Dolfines / 8.2 France combination is paving the way for other value-creating external growth operations. While the funding is still pending, the company will provide more information at a later stage.

Oil & gas: the strong rebound in sales seen in Q1 (sales +68% yoy) continues with the company being in demand for several projects. The commercial activity at Factorig (rig audit and inspection services) is higher than before 2019.

Impact

We stick to our recommendation for now and will update our model after the 8.2 France transaction.



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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

Add	Upside: 13.4%
Target Price (6 months)	€ 1.36
Share Price	€ 1.20
Market Cap. €M	11.5
Price Momentum	UNFAVORABLE
Extremes 12Months	0.75 ▶ 3.10
Sustainability score	2.4 /10
Credit Risk	DDD →
Bloomberg	ALDIE FP Equity
Reuters	ALDOL.PA



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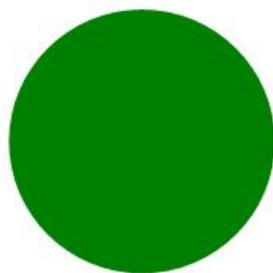


PERF	1w	1m	3m	12m
Dolfines	35.2%	-9.79%	-19.5%	-20.1%
Capital Goods	-1.83%	-0.51%	-3.01%	32.0%
STOXX 600	-0.64%	-1.11%	2.77%	22.2%

Last updated: 19/05/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-3.45	-8.67	-12.9	-47.3
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-5.78	-11.7	-21.1	ns
Adjusted EPS (€)	-0.30	-0.14	-0.09	-0.03
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	-53.1	-41.2	-14.4
Gearing (%)	79.4	23.1	33.9	68.5

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

Sales by Geography



Other (100.0%)

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	2,130	250
Total financial flows	€th	3,128	3,140	-498
Change in cash position	€th	1,001	1,814	-1,488
Free cash flow (pre div.)	€th	-2,199	-1,432	-1,052

Per Share Data

No. of shares net of treas. stock (year...	Th	9,273	9,573	11,043
Number of diluted shares (average)	Th	7,818	10,158	11,168
Benchmark EPS	€	-0.30	-0.14	-0.09
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 2.16	35%	● Nordex SE
NAV/SOTP per share	€ 2.56	20%	■ TechnipFMC
EV/Ebitda	€ 0.00	20%	■ Saipem
P/E	€ 0.60	10%	■ Elecnor
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.60	5%	
TARGET PRICE	€ 1.36	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	2,914	2,128
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	322	1,121
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	-53.1	-41.2
ROCE	%	-35.2	-23.4	-17.5
Gearing (at book value)	%	79.4	23.1	33.9
Adj. Net debt/EBITDA(R)	x	-0.56	-0.31	-1.62
Interest cover (x)	x	-27.0	-12.5	-16.8

Valuation Ratios

Reference P/E (benchmark)	x	-3.45	-8.67	-12.9
Free cash flow yield	%	-23.1	-12.5	-7.95
P/Book	x	4.01	3.94	6.22
Dividend yield	%	0.00	0.00	0.00

EV Calculation

Market cap	€th	9,512	11,468	13,229
+ 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	322	1,121
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	10,560	11,980	14,542
EV/EBITDA(R)	x	-5.78	-11.7	-21.1
EV/Sales	x	4.18	3.80	3.34

Analyst : Kevin Vo, Changes to Forecasts : 19/05/2021.