



Europlasma

Alternative Energy / France

Europlasma files for Chapter 11

Financing issue - 28/01/2019

Europlasma could not bring to fruition plans to recapitalise/dispose assets. It filed for the French equivalent of Chapter 11 which opens a 6-month process. Trading should resume on 29/01/2019.

Fact

Difficult markets by Q4 18 put paid to Europlasma's plans to launch a rights issue and then to finalise the possibility of a partial disposal. Bond holders (€5m), due to be repaid by the close of 2018, effectively pulled the plug. On 22/01 Europlasma stopped paying its debtors with the agreement of the Court. This was made public on 25/01 at the close.

Analysis

"Cessation de paiements" means that the group and its subsidiaries have to go through a redressement judiciaire (some sort of a Chapter 11) whereby debt payments are pushed back so that the firm can operate if it is found to be cash generative.

Courts decide about the hierarchy amongst stakeholders. Staff comes first as a rule and tend to bite disproportionately. Obviously, shareholders are left with little say. From the point of view of the latter, it all amounts to a bet on Europlasma's net asset value. On the pre Chapter 11 metrics, this was estimated at €0.23.

The above quote was for a running concern. Asset buyers will try and impose their terms and the longer the wait the more likely it is that key staff will leave.

Impact

AlphaValue will keep an eye on developments over the next three months and comment. This is most likely to include trimming the net asset value.



Pierre-Yves GAUTHIER

utilities@alphavalue.eu

+33 (0) 1 70 61 10 50

cs.alphavalue.com

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

Buy Upside: 411%

Target Price (6 months)	€ 0.19
Share Price	€ 0.04
Market Cap. €M	9.65
Price Momentum	NEGATIVE
Extremes 12Months	0.03 ▶ 0.30
Bloomberg	ALEUP FP Equity
Reuters	ALEUP.PA



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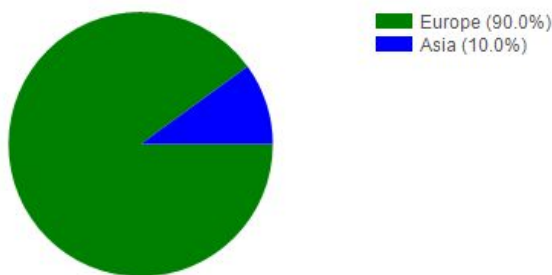


PERF	1w	1m	3m	12m
Europlasma	0.00%	-9.52%	-44.0%	-80.5%
Utilities	0.25%	4.70%	8.37%	13.5%
STOXX 600	0.22%	6.74%	0.78%	-10.2%

Last updated: 21/11/2018	12/17A	12/18E	12/19E	12/20E
Adjusted P/E (x)	-1.66	-2.91	-3.51	4.39
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-6.09	-29.6	21.9	11.1
Adjusted EPS (€)	-0.16	-0.05	-0.01	0.01
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	13,133	14,000	24,560	45,160
Operating margin (%)	-107	-61.6	3.19	23.8
Attributable net profit (€th)	21,820	11,079	-3,742	3,417
ROE (after tax) (%)	232	91.8	68.1	-90.8
Gearing (%)				

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Sales by Geography



Consolidated P&L Accounts

		12/17A	12/18E	12/19E
Sales	€th	13,133	14,000	24,560
Change in sales	%	34.9	6.60	75.4
Change in staff costs	%	0.00	4.55	21.7
EBITDA	€th	-8,057	-3,700	6,832
EBITDA(R) margin	%	-61.3	-26.4	27.8
Depreciation	€th	-2,818	-4,925	-6,050
Underlying operating profit	€th	-13,799	-8,625	782
Operating profit (EBIT)	€th	-14,096	-8,625	782
Net financial expense	€th	-854	-2,500	-4,000
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th			
Corporate tax	€th	30.0	0.00	0.00
Equity associates	€th	-6,900	0.00	0.00
Minority interests	€th	0.00	45.6	-524
Adjusted attributable net profit	€th	-21,164	-11,079	-3,742
NOPAT	€th	-16,559	-6,038	548

Cashflow Statement

		12/17A	12/18E	12/19E
EBITDA	€th	-8,057	-3,700	6,832
Change in WCR	€th	1,667	-848	-1,500
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	421	0.00	0.00
Exceptional items	€th			
Other operating cash flows	€th	-2,200	1,000	1,000
Total operating cash flows	€th	-8,169	-3,548	6,332
Capital expenditure	€th	-3,100	-7,500	-63,000
Total investment flows	€th	-3,800	-8,500	-64,000
Net interest expense	€th	-854	-2,500	-4,000
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	14,200	6,000	6,000
Total financial flows	€th	12,300	700	40,000
Change in cash position	€th	331	-11,348	-17,668
Free cash flow (pre div.)	€th	-12,123	-13,548	-60,668

Per Share Data

		12/17A	12/18E	12/19E
No. of shares net of treas. stock (year...	Th	152,405	294,000	354,000
Number of diluted shares (average)	Th	132,028	224,472	345,538
Benchmark EPS	€	-0.16	-0.05	-0.01
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.41	35%	● Acciona
NAV/SOTP per share	€ 0.23	20%	■ Drax Group
EV/Ebitda	€ 0.00	20%	■ Gea Group
P/E	€ 0.02	10%	● Elecnor
Dividend Yield	€ 0.00	10%	■ ERG
P/Book	€ 0.02	5%	
TARGET PRICE	€ 0.19	100%	

NAV/SOTP Calculation

Balance Sheet

		12/17A	12/18E	12/19E
Goodwill	€th	8.00	1,000	1,000
Total intangible	€th	201	1,314	1,314
Tangible fixed assets	€th	13,341	51,000	111,000
Financial fixed assets	€th	0.00	8,000	10,000
WCR	€th	1,152	2,000	3,500
Other assets	€th	10,842	4,000	5,000
Total assets (net of short term liab.)	€th	28,299	72,314	136,814
Ordinary shareholders' equity	€th	-15,224	-8,909	-2,077
Quasi Equity & Preferred	€th			
Minority interests	€th	31.0	20,000	30,000
Provisions for pensions	€th	573	0.00	0.00
Other provisions for risks and liabilities	€th	8,169	12,000	15,000
Total provisions for risks and liabilities	€th	8,742	12,000	15,000
Tax liabilities	€th	115	-2,000	-2,000
Other liabilities	€th	20,972	16,000	15,000
Net debt (cash)	€th	13,675	35,223	80,891
Total liab. and shareholders' equity	€th	28,311	72,314	136,814

Capital Employed

		12/17A	12/18E	12/19E
Capital employed after depreciation	€th	14,694	62,314	125,814

Profits & Risks Ratios

		12/17A	12/18E	12/19E
ROE (after tax)	%	232	91.8	68.1
ROCE	%	-113	-9.69	0.44
Gearing (at book value)	%			
Adj. Net debt/EBITDA(R)	x	-1.70	-9.52	11.8
Interest cover (x)	x	-16.2	-3.45	0.20

Valuation Ratios

		12/17A	12/18E	12/19E
Reference P/E (benchmark)	x	-1.66	-2.91	-3.51
Free cash flow yield	%	-29.8	-32.1	-451
P/Book	x	-2.67	-4.73	-6.48
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/17A	12/18E	12/19E
Market cap	€th	40,657	42,176	13,452
+ Provisions	€th	8,742	12,000	15,000
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	13,675	35,223	80,891
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th	15,000	0.00	0.00
+ Minority interests (fair value)	€th	1,000	20,000	40,000
= EV	€th	49,074	109,399	149,343
EV/EBITDA(R)	x	-6.09	-29.6	21.9
EV/Sales	x	3.74	7.81	6.08

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 21/11/2018.