



Europlasma

Alternative Energy / France

End of coverage

Significant news - 28/11/2019

Europlasma is going through a complete revamp of its management, its strategy and its finances. We stop coverage after seven years of paid-for research.

Fact

- Europlasma's new owners and managers published its 2018 accounts in October with a €-53m loss after a €32m amortisation of various assets. 2018 shareholders' funds stand at €-34m. Net debt stands at €28m.

- The management team is deemed to be completely renewed by November 2019,

- The AGM on the 2018 accounts and strategic review is to be held on 29//11/2019.

Analysis

In our previous update, we commented on the phenomenal dilution to be expected from the "equity line" type funding designed to make Europlasma survive as a going concern.

The last count on the number of shares is c. 550m. We had allowed for a rough 640m by the close of this year. Historical shareholders have thus been reduced to fine dust, as expected.

The new strategy is definitely centred on Europlasma's competences in the treatment of hazardous waste and the market opportunities offered by lower carbon intensity requirements.

Impact

We end coverage of Europlasma with 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

Call Option

Upside: 1,171%

Target Price (6 months) € 0.12

Share Price € 0.01

Market Cap. €M 2.82

Price Momentum **NEGATIVE**

Extremes 12Months 0.01 ▶ 0.11

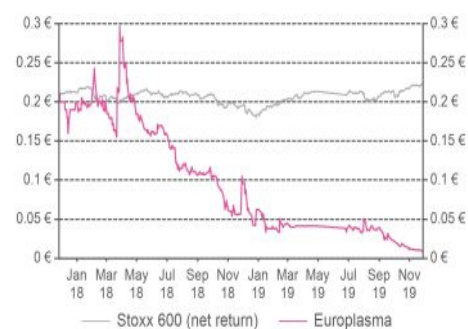
Bloomberg ALEUP FP Equity

Reuters ALEUP.PA



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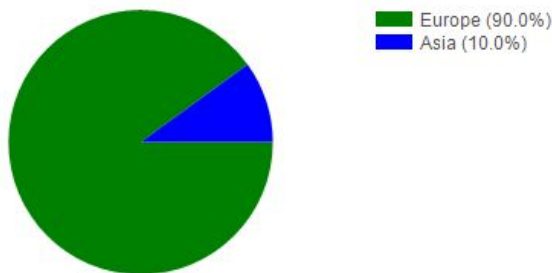


PERF	1w	1m	3m	12m
Europlasma	-10.5%	-35.2%	-73.9%	-85.0%
Utilities	1.39%	0.04%	2.05%	21.1%
STOXX 600	1.48%	2.71%	9.69%	14.7%

Last updated: 05/08/2019	12/17A	12/18E	12/19E	12/20E
Adjusted P/E (x)	-1.31	-1.67	-1.17	1.76
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-5.03	-24.8	20.8	9.78
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	80.7
Gearing (%)				902

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

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	640,000
Number of diluted shares (average)	Th	132,028	223,203	467,000
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	€ 0.21	35%	● Acciona
NAV/SOTP per share	€ 0.07	20%	● Drax Group
EV/EBITDA based	n/a	20%	● Gea Group
P/E	€ 0.00	10%	● Elecnor
Dividend Yield	€ 0.00	10%	● ERG
P/book based	n/a	5%	
TARGET PRICE	€ 0.12	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	-1.31	-1.67	-1.17
Free cash flow yield	%	-37.8	-55.6	-1,008
P/Book	x	-2.11	-2.73	-2.90
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/17A	12/18E	12/19E
Market cap	€th	32,092	24,357	6,016
+ 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	40,509	91,580	141,907
EV/EBITDA(R)	x	-5.03	-24.8	20.8
EV/Sales	x	3.08	6.54	5.78

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 05/08/2019.