



Ecoslops

Other Energies / France



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Agreement to deliver to Galp's Sines refinery

Latest - 12/09/2017

Fact

Ecoslops and Galp have signed an agreement: Galp will buy Ecoslops' refined cut at the market price at Sines.

Analysis

The agreement should be effective until 2020.

The first deliveries were performed in August, with a combined volume of 1,200 tons. The annual volume should fluctuate depending on Ecoslops' feedstock, but could be as high as 10,000 tons/year.

Ecoslops has built a pipeline to connect its tanks with Galp's crude oil pipeline.

This agreement shows, from an industrial perspective, Ecoslops' ability to deliver high spec products. It also confirms the company's ability to develop value-adding partnerships.

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: 48.0%
Target Price (6 months)	€ 20.6
Share Price	€ 13.9
Market Cap. €M	46.0
Price Momentum	GOOD
Extremes 12Months	8.88 ▶ 14.9
Bloomberg	ALESA FP Equity
Reuters	ALESA.PA

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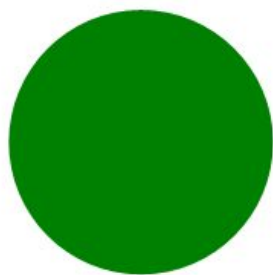


PERF	1w	1m	3m	12m
Ecoslops	0.36%	-0.71%	32.4%	48.7%
Oils	0.95%	1.59%	0.00%	14.4%
STOXX 600	1.40%	1.96%	-2.81%	9.81%

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	46.4	18.2
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



Portugal (100.0%)

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	€ 29.7	40%	■ Neste
NAV/SOTP per share	€ 19.8	40%	■ Galp Energia
P/E	€ 6.95	5%	■ Saras
EV/Ebitda	€ 0.00	5%	■ Hellenic Petroleum
P/Book	€ 9.02	5%	● Acciona
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 20.6	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	-31.0	-40.2
P/Book	x	2.44	2.76	2.68
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/16A	12/17E	12/18E
Market cap	€th	29,990	59,911	59,911
+ 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	79,032	102,839
EV/EBITDA(R)	x	-14.3	46.4	18.2
EV/Sales	x	9.40	9.59	5.54

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