



Drone Volt

Aersp. & Defence Equipt. / France

Drone Volt on the move

Earnings/sales releases - 19/04/2024

Drone Volt unveiled outstanding results, widely beating its Q1 23 guidance provided two months ago and maintaining its objective of increasing its gross margin and the recurrence.

Fact

- Sales increased by almost 5x to €8.9m (Q1 23: €1.6m) thanks to the completion of the big distribution contract notably (which was not initiated in the Q1 23) and new orders, smashing the company's goal to at least double the sales compared to last year.
- The gross result almost trebled to €1.023m from €327k, the lower gross margin stemming from very high proportion of sales coming from distribution (93%), also widely beating the doubling objective
- The company reiterated its guidance for the FY24

Analysis

Explosive growth on both segments

The revenue growth was driven primarily by distribution, which grew by 544% to €8.261m thanks to the completion of €4m from the big distribution contract but also more importantly due to new regular orders, representing €2.6m in Q1 23 and already €1.7m since the beginning of April. The Drone Volt Factory, Services & Academy segment revenue also grew strongly by 125% to €654k thanks to the Drone Volt Expert offer notably that was not available in Q1 23.

Delivering on margins

The gross result performance was driven by the distribution segment with growth of 229% to €642k, which means that the margin was a tad disappointing at 8% compared to 10% in FY23. However, the margin improved on the Drone Volt Factory, Services and Academy side from 45% (€132m) in Q1 23 to 58% (€381m) due to the higher value-added by the drone as a service offer representing more than a third of the division sales.

Convincing outlook

The company reiterated its objective of increasing its gross margin and its recurrency thanks to the capacity to increase revenue at constant staff and cost control. This is notably underpinned by the maturity of its products (Hercules 20, Linedrone, Heliplane) that seem to already be paying off as witnessed by the commercial momentum in the Q1 and since the beginning of April in distribution. The Kobra should also contribute towards the end of the year and benefit from the expansion on international markets (Middle East and Turkey recently announced).

Impact

We will not change our estimates as we believe that the sales momentum could fade in the coming quarters due to the near completion of the €20m distribution contract, and the gross margin improvement is still driven by distribution for the moment. The Q2 results should provide more clarity on the potential for Drone Volt without the big distribution contract.

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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

Buy	Upside: 147%
Target Price (6 months)	€ 0.02
Share Price	€ 0.01
Market Cap. €M	14.0
Price Momentum	UNFAVORABLE
Extremes 12Months	0.01 ▶ 0.02
Sustainability score	5.2 / 10
Credit Risk	CC ↗
Bloomberg	ALDRV FP Equity
Reuters	ALDRV.PA

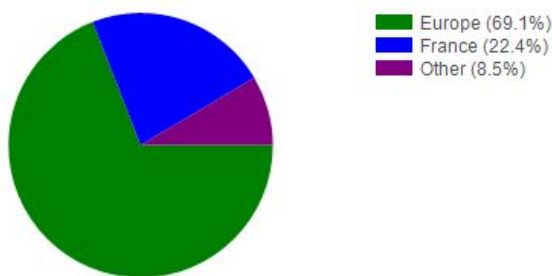
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PERF	1w	1m	3m	12m
Drone Volt	3.90%	1.27%	-14.9%	-50.6%
Aerospace-Defence	0.35%	-0.19%	16.9%	41.5%
STOXX 600	-0.96%	-1.09%	6.22%	6.63%

Last updated: 29/01/2024	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	-0.76	-4.69	ns	4.59
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-9.95	-8.67	32.7	3.24
Adjusted EPS (€)	-0.05	0.00	0.00	0.00
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	13,736	23,865	29,050	35,736
Other margin (%)	21.1	14.4	19.0	24.0
Attributable net profit (€th)	-	-2,893	-129	3,052
ROE (after tax) (%)	-89.5	-14.2	-0.56	13.0
Gearing (%)	0.36	3.91	-8.77	-12.5

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

Sales by Geography



Consolidated P&L Accounts

		12/22A	12/23E	12/24E
Sales	€th	13,736	23,865	29,050
Change in sales	%	59.4	73.7	21.7
Change in staff costs	%	61.1	20.0	4.68
EBITDA	€th	-2,799	-2,810	536
EBITDA(R) margin	%	-20.4	-11.8	1.84
Depreciation	€th			
Underlying operating profit	€th	-4,960	-4,648	-1,439
Operating profit (EBIT)	€th	-22,039	-4,434	-1,200
Net financial expense	€th	-108	-215	-202
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th			
Corporate tax	€th	-4,174	876	351
Equity associates	€th			
Minority interests	€th	837	879	923
Adjusted attributable net profit	€th	-21,284	-2,893	-129
NOPAT	€th	-3,720	-3,486	-1,080

Cashflow Statement

		12/22A	12/23E	12/24E
EBITDA	€th	-2,799	-2,810	536
Change in WCR	€th	-508	-861	1,139
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	-4,167	876	351
Exceptional items	€th			
Other operating cash flows	€th	3,188	100	100
Total operating cash flows	€th	-4,286	-2,695	2,126
Capital expenditure	€th	-3,350	-4,000	-3,960
Total investment flows	€th	-5,087	-3,800	-3,960
Net interest expense	€th	-108	-215	-202
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	0.00	12,100	2,476
Total financial flows	€th	3,737	12,037	3,075
Change in cash position	€th	-5,636	5,542	1,241
Free cash flow (pre div.)	€th	-7,744	-6,910	-2,036

Per Share Data

		12/22A	12/23E	12/24E
No. of shares net of treas. stock (year...)	Th	495,781	1,502,259	1,749,884
Number of diluted shares (average)	Th	431,887	1,000,137	1,627,189
Benchmark EPS	€	-0.05	0.00	0.00
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.03	35%	
NAV/SOTP per share	€ 0.02	20%	
EV/Ebitda	€ 0.02	20%	
P/E	€ 0.02	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.02	5%	
TARGET PRICE	€ 0.02	100%	

NAV/SOTP Calculation

Balance Sheet

		12/22A	12/23E	12/24E
Goodwill	€th	685	678	698
Total intangible	€th	7,726	8,039	8,487
Tangible fixed assets	€th	1,549	1,595	1,643
Financial fixed assets	€th			
WCR	€th	1,483	2,344	1,205
Other assets	€th	3,986	4,106	4,229
Total assets (net of short term liab.)	€th	19,761	19,608	19,127
Ordinary shareholders' equity	€th	17,818	23,067	22,971
Quasi Equity & Preferred	€th			
Minority interests	€th	-1,992	-1,972	-1,952
Provisions for pensions	€th	65.0	0.00	0.00
Other provisions for risks and liabilities	€th	92.0	106	122
Total provisions for risks and liabilities	€th	157	106	122
Tax liabilities	€th	0.00	0.00	0.00
Other liabilities	€th	182	200	220
Net debt (cash)	€th	3,597	-1,793	-2,234
Total liab. and shareholders' equity	€th	19,762	19,608	19,127

Capital Employed

		12/22A	12/23E	12/24E
Capital employed after depreciation	€th	10,758	11,979	11,335

Profits & Risks Ratios

		12/22A	12/23E	12/24E
ROE (after tax)	%	-89.5	-14.2	-0.56
ROCE	%	-34.6	-29.1	-9.52
Gearing (at book value)	%	0.36	3.91	-8.77
Adj. Net debt/EBITDA(R)	x	-1.29	0.64	-4.17
Interest cover (x)	x	-45.9	-21.6	-7.14

Valuation Ratios

		12/22A	12/23E	12/24E
Reference P/E (benchmark)	x	-0.76	-4.69	ns
Free cash flow yield	%	-41.9	-33.9	-14.5
P/Book	x	1.04	0.88	0.61
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/22A	12/23E	12/24E
Market cap	€th	18,473	20,402	13,999
+ Provisions	€th	157	106	122
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	3,475	-1,921	-2,368
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th	242	208	177
+ Minority interests (fair value)	€th	5,976	5,976	5,976
= EV	€th	27,839	24,354	17,552
EV/EBITDA(R)	x	-9.95	-8.67	32.7
EV/Sales	x	2.03	1.02	0.60

Analyst : Alexandre Desprez, Changes to Forecasts : 29/01/2024.