



# Ecoslops

Other Energies / France

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## Sines to reach operating profit in 2017; confirming the project pipeline

Earnings/sales releases - 05/04/2017

### Fact

H2 16 EBITDA came in at -€1m (vs. -€2m in H1 16). The net loss was €0.8m (vs. -€2.6m in the first half).

### Analysis

Ecoslops confirmed that its model should be profitable in the current oil price environment.

The Sines unit should achieve positive EBITDA in 2017 and process around 25kt (85% of capacity). In 2018, Sines is expected to run at 30kt (3,000 tons/month for ten months) and contribute a net operating profit.

It is worth noting that the P2R unit is able to treat residues at both low and high flash points: this represents a competitive advantage, given the difficulty to process low flash point waste products in Europe.

The company's industrial track record at Sines proves the potential and quality of Ecoslops' process. Ecoslops achieved a cost reduction of €0.7m there, while it almost doubled its revenues.

The company confirmed that three new projects should be signed by the end of 2017. This includes Marseille, where the feasibility study has been completed. The construction of the plant should start in 2018 and require €13m in capex.

The ARA project, Egypt and Oman are the frontrunner candidates for the other two units.

The effective roll-out of upcoming units should confirm Ecoslops' proposition and enhance its attractiveness, while benefiting from the acquired experience.

### Impact

We will integrate the H2 16 results. The net loss was smaller than our estimate (at -€4.4m for the full year, vs. the actual -€3.4m).

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 : 82.5%**

Target Price (6 months) € 20.2

Share Price € 11.1

Market Capitalisation €M 44.8

Price Momentum **STRONG**

Extremes 12Months 7.96 ▶ 11.8

Bloomberg ALESA FP Equity

Reuters ALESA.PA

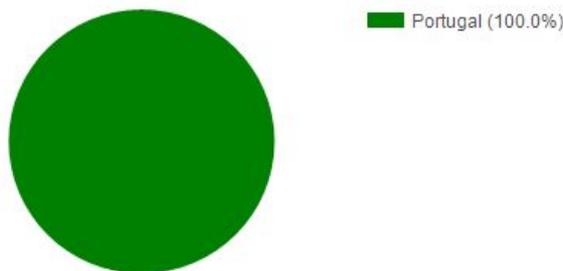
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PERF	1w	1m	3m	12m
Ecoslops	-3.41%	0.45%	9.19%	38.8%
Oils	0.98%	1.05%	-3.52%	37.0%
STOXX 600	0.08%	2.28%	4.19%	15.2%

Last updated: 15/11/2016	12/14A	12/15A	12/16E	12/17E
Adjusted P/E (x)	-8.67	-5.92	-6.59	-38.2
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-16.1	-10.3	-17.1	37.8
Adjusted EPS (€)	-1.27	-2.17	-1.38	-0.29
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	2,241	2,296	4,086	8,242
EBITDA/R margin (%)	-104	ns	-54.9	20.7
Attributable net profit (€th)	-2,816	-5,837	-4,386	-1,070
ROE (after tax) (%)	-81.2	-67.2	-37.1	-7.42
Gearing (%)		83.3	107	84.0

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

## Sales by Geography



## Consolidated P&L Accounts

		12/15A	12/16E	12/17E
Sales	€th	2,296	4,086	8,242
Change in sales	%	2.47	78.0	102
Change in staff costs	%	101	-11.8	66.7
EBITDA	€th	-4,637	-2,347	1,704
<b>EBITDA(R) margin</b>	%	<b>-202</b>	<b>-57.4</b>	<b>20.7</b>
Depreciation	€th	-1,593	-1,281	-1,454
Underlying operating profit	€th	-6,286	-3,628	250
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-6,286</b>	<b>-3,628</b>	<b>250</b>
Net financial expense	€th	-212	-643	-1,120
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th	-2.09	0.52	0.00
Corporate tax	€th	664	-116	-200
Equity associates	€th	0.00	0.00	0.00
Minority interests	€th	0.00	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-5,837</b>	<b>-4,386</b>	<b>-1,070</b>
NOPAT	€th	-4,400	-2,540	175

## Cashflow Statement

		12/15A	12/16E	12/17E
EBITDA	€th	-4,637	-2,347	1,704
Change in WCR	€th	-1,527	-404	-741
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	0.00	-116	-200
Exceptional items	€th	0.00	0.00	0.00
Other operating cash flows	€th	-2,030	-333	0.00
Total operating cash flows	€th	-8,195	-3,200	763
Capital expenditure	€th	-2,871	-367	-17,200
Total investment flows	€th	-2,871	-367	-17,200
Net interest expense	€th	-212	-643	-1,120
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	16,278	148	10,444
Total financial flows	€th	12,405	3,746	19,683
Change in cash position	€th	1,339	179	3,246
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>-11,278</b>	<b>-4,210</b>	<b>-17,557</b>

## Per Share Data

		12/15A	12/16E	12/17E
No. of shares net of treas. stock (year...	Th	3,054	3,054	4,054
Number of diluted shares (average)	Th	2,696	3,190	3,699
<b>Benchmark EPS</b>	<b>€</b>	<b>-2.17</b>	<b>-1.38</b>	<b>-0.29</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 27.9	40%	■ Neste
NAV/SOTP per share	€ 20.7	40%	■ Galp Energia
P/E	€ 5.53	5%	■ Saras
EV/Ebitda	€ 0.00	5%	■ Hellenic Petroleum
P/Book	€ 8.73	5%	■ Acciona
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 20.2	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/15A	12/16E	12/17E
Goodwill	€th	0.00	0.00	0.00
Total intangible	€th	645	594	594
Tangible fixed assets	€th	18,335	17,474	33,220
Financial fixed assets	€th	19.1	19.1	19.1
WCR	€th	774	1,178	1,919
Other assets	€th	2,497	2,889	2,889
Total assets (net of short term liab.)	€th	23,015	22,881	39,368
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>13,898</b>	<b>9,742</b>	<b>19,117</b>
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	0.00	0.00	0.00
Total provisions for risks and liabilities	€th	0.00	0.00	0.00
Tax liabilities	€th	0.00	0.00	0.00
Other liabilities	€th	677	637	637
<b>Net debt (cash)</b>	<b>€th</b>	<b>8,440</b>	<b>12,502</b>	<b>19,615</b>
Total liab. and shareholders' equity	€th	23,015	22,881	39,368

## Capital Employed

		12/15A	12/16E	12/17E
Capital employed after depreciation	€th	19,774	19,265	35,752

## Profits & Risks Ratios

		12/15A	12/16E	12/17E
<b>ROE (after tax)</b>	%	<b>-67.2</b>	<b>-37.1</b>	<b>-7.42</b>
ROCE	%	-22.3	-13.2	0.49
<b>Gearing (at book value)</b>	%	<b>83.3</b>	<b>107</b>	<b>84.0</b>
Adj. Net debt/EBITDA(R)	x	-1.82	-5.33	11.5
Interest cover (x)	x	-29.6	-5.64	0.22

## Valuation Ratios

		12/15A	12/16E	12/17E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-5.92</b>	<b>-6.59</b>	<b>-38.2</b>
Free cash flow yield	%	-28.8	-15.2	-39.2
P/Book	x	2.81	2.84	2.34
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/15A	12/16E	12/17E
Market cap	€th	39,110	27,665	44,791
+ Provisions	€th	0.00	0.00	0.00
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	8,440	12,502	19,615
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	47,550	40,167	64,406
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-10.3</b>	<b>-17.1</b>	<b>37.8</b>
EV/Sales	x	20.7	9.83	7.81

Analyst : Marzio Foa, Changes to Forecasts : 15/11/2016.