



Ecoslops

Other Energies / France

**Marzio FOA**oils@alphavalue.eu

+33 (0) 1 70 61 10 50

corporate.alphavalue.com

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 |

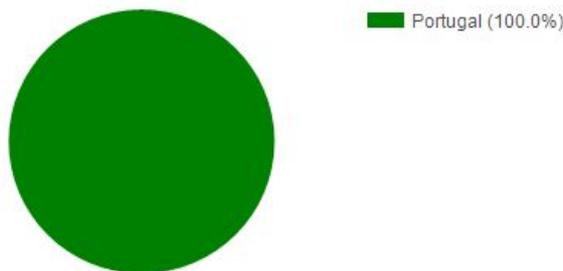
[Download Full Analysis](#)[Company Page](#)

| 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 |
| EBITDA(R) margin | % | -202 | -57.4 | 20.7 |
| Depreciation | €th | -1,593 | -1,281 | -1,454 |
| Underlying operating profit | €th | -6,286 | -3,628 | 250 |
| Operating profit (EBIT) | €th | -6,286 | -3,628 | 250 |
| 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 |
| Adjusted attributable net profit | €th | -5,837 | -4,386 | -1,070 |
| 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 |
| Free cash flow (pre div.) | €th | -11,278 | -4,210 | -17,557 |

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 |
| Benchmark EPS | € | -2.17 | -1.38 | -0.29 |
| Restated NAV per share | € | | | |
| Net dividend per share | € | 0.00 | 0.00 | 0.00 |

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 |
| Ordinary shareholders' equity | €th | 13,898 | 9,742 | 19,117 |
| 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 |
| Net debt (cash) | €th | 8,440 | 12,502 | 19,615 |
| 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 |
|--------------------------------|----------|--------------|--------------|--------------|
| ROE (after tax) | % | -67.2 | -37.1 | -7.42 |
| ROCE | % | -22.3 | -13.2 | 0.49 |
| Gearing (at book value) | % | 83.3 | 107 | 84.0 |
| 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 |
|----------------------------------|----------|--------------|--------------|--------------|
| Reference P/E (benchmark) | x | -5.92 | -6.59 | -38.2 |
| Free cash flow yield | % | -28.8 | -15.2 | -39.2 |
| P/Book | x | 2.81 | 2.84 | 2.34 |
| Dividend yield | % | 0.00 | 0.00 | 0.00 |

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 |
| EV/EBITDA(R) | x | -10.3 | -17.1 | 37.8 |
| EV/Sales | x | 20.7 | 9.83 | 7.81 |

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