



Ecoslops

Other Energies / France

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Sines refining volumes 2016 in line with expectations; >98% of waste processed

Earnings/sales releases - 10/02/2017

■ Analysis

2016 revenues came in at €4.3m, beating our estimate (at €4.1m), growing from €2.3m in 2015 thanks to the ramp-up of the core business of micro-refining at Sines and sales of refined products (€2.2m vs. €0.3m in 2015).

During H2 16, Ecoslops started studies on the Marseille project at Total's site.

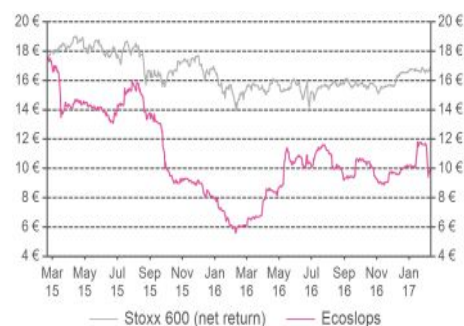
Ecoslops confirms it aims at signing contracts for two new industrial units by end-2017; this would raise its outstanding balance to three projects, including Marseille.

The Sines unit processed more than 17kt of slops during 2016 (of which 11 kt in H2), in line with our expectations. Ecoslops transformed over 98% of waste into refined products. This proves the potential and quality of Ecoslops' process. The company reaffirmed it can treat 30kt of slops per year, as announced previously, and aims to process 25kt at Sines in 2017.

The success of Sines' operations supports Ecoslops' commercial proposition and should help to sign the next projects.

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 : 99.6%
Target Price (6 months)	€ 20.0
Share Price	€ 10.0
Market Capitalisation €M	40.6
Price Momentum	GOOD
Extremes 12Months	5.69 ▶ 11.8
Newsflow	Positive
Bloomberg	ALESA FP Equity
Reuters	ALESA.PA

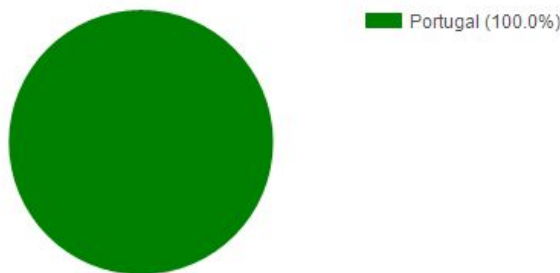
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PERF	1w	1m	3m	12m
Ecoslops	-12.0%	-1.47%	11.2%	76.1%
Oils	-1.16%	-5.44%	7.32%	47.4%
STOXX 600	0.91%	0.68%	8.41%	16.6%

Last updated: 15/11/2016	12/14A	12/15A	12/16E	12/17E
Adjusted P/E (x)	-7.86	-5.92	-6.59	-34.6
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-15.2	-10.3	-17.1	35.3
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	€ 27.6	40%	■ Neste
NAV/SOTP per share	€ 20.7	40%	■ Galp Energia
P/E	€ 5.01	5%	■ Saras
EV/Ebitda	€ 0.00	5%	■ Hellenic Petroleum
P/Book	€ 8.18	5%	■ Acciona
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 20.0	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	-34.6
Free cash flow yield	% -28.8	-15.2	-43.2
P/Book	x 2.81	2.84	2.12
Dividend yield	% 0.00	0.00	0.00

EV Calculation

	12/15A	12/16E	12/17E
Market cap	€th 39,110	27,665	40,616
+ 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	60,231
EV/EBITDA(R)	x -10.3	-17.1	35.3
EV/Sales	x 20.7	9.83	7.31

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