



# Delta Drone

Aerosp. & Defence Equipt. / France

## Concerning H1-21

Acquisitions through dilution - 28/10/2021

### Change in EPS

2021 : € -0.01 vs 0.00 ns  
2022 : € 0.00 vs 0.00 ns

Delta Drone's half year earnings suffered from a combination of delayed business (lasting Covid impacts on orders) and delayed booking of acquisitions (Weesure, pushed back to FY22). Essentially flat sales at c.€7m were matched by an operating loss at €-4.3m vs. €-3.9m a year ago. The bottom line was nevertheless at break even thanks to the booking of a €5.3m gain on the fair value of investments, which is a one-off and is not expected to carry on in FY22.

### Change in NAV

€ 0.02 vs 0.05 -46.5%

The NAV has been adjusted to reflect more accurately the company's growth outlook. Weesure Group segment multiples have been reviewed downwards, as the price of the Weesure Group was expected at around €5m euros by the management. Since there is value creation in this merger, we have estimated the total value of the Weesure segments at c.€10m (€5m above its estimated cost), vs the €16m previously mentioned. We have also removed the cash from the Delta Drone International entity, as its financials are fully consolidated.

### Change in DCF

€ -0.01 vs 0.07 ns

Since the merger of Weesure group is now expected to occur in FY22, we have changed the expected sales for FY21. In addition, we believe the number of drones sold organically to this business has been over-estimated, and we now expect c.40 ISS Spotter drones sold in FY22 vs 72 drones previously. This has significantly impacted the gross margin, as the high level of drone volumes would have been highly profitable. We now expect the EBITDA to remain negative up to FY23, as the negative business momentum is continuing.



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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 : 49.4%

Target Price (6 months) € 0.01

Share Price € 0.00

Market Cap. €M 3.96

Price Momentum **NEGATIVE**

Extremes 12Months 0.00 ▶ 0.03

Bloomberg ALDR FP Equity

Reuters ALDR.PA



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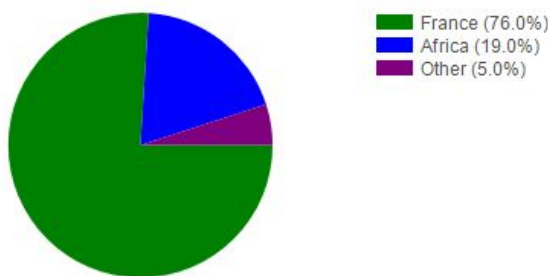


PERF	1w	1m	3m	12m
Delta Drone	-12.2%	-55.0%	-68.7%	-83.7%
Aerospace-Defence	-0.82%	-4.69%	0.31%	49.4%
SXXR Index	0.86%	2.64%	3.79%	37.4%

Last updated: 28/10/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-2.30	-0.62	-0.87	-0.99
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-5.52	-0.90	0.99	1.59
Adjusted EPS (€)	-0.01	-0.01	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)	13,417	14,795	41,430	43,874
Other margin (%)	63.8	65.9	75.3	75.1
Attributable net profit (€th)	10,818	-5,229	-7,217	-6,580
ROE (after tax) (%)	-90.4	-43.9	-44.1	-30.3
Gearing (%)	-0.53	2.19	-9.33	-24.8

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

## Sales by Geography



## Consolidated P&L Accounts

	12/20A	12/21E	12/22E
Sales	€th 13,417	14,795	41,430
Change in sales	% -16.1	10.3	180
Change in staff costs	% -10.0	15.0	126
EBITDA	€th -4,269	-4,989	-2,319
<b>EBITDA(R) margin</b>	<b>% -31.8</b>	<b>-33.7</b>	<b>-5.60</b>
Depreciation	€th -1,479	-1,627	-4,143
Underlying operating profit	€th -5,747	-6,617	-6,462
<b>Operating profit (EBIT)</b>	<b>€th -7,556</b>	<b>-4,363</b>	<b>-6,693</b>
Net financial expense	€th -583	-819	-826
of which related to pensions	€th 0.00	0.00	0.00
Exceptional items & other	€th -2,093	-32.0	-35.0
Corporate tax	€th -150	-130	156
Equity associates	€th -479	-95.8	-9.58
Minority interests	€th 43.3	210	190
<b>Adjusted attributable net profit</b>	<b>€th -9,038</b>	<b>-7,512</b>	<b>-6,587</b>
NOPAT	€th -4,502	-1,729	-4,233

## Cashflow Statement

EBITDA	€th -4,269	-4,989	-2,319
Change in WCR	€th 1,494	-877	-1,054
Actual div. received from equity holdi...	€th 0.00	0.00	0.00
Paid taxes	€th 122	-130	156
Exceptional items	€th -2,098	-32.0	-38.0
Other operating cash flows	€th 500	500	500
Total operating cash flows	€th -4,251	-5,528	-2,755
Capital expenditure	€th -537	-588	-591
Total investment flows	€th 902	-6,088	6,512
Net interest expense	€th -583	-819	-826
Dividends (parent company)	€th		
Dividends to minorities interests	€th 0.00	0.00	0.00
New shareholders' equity	€th 9,830	10,000	4,000
Total financial flows	€th 6,263	9,683	3,254
Change in cash position	€th 2,914	-1,933	7,011
<b>Free cash flow (pre div.)</b>	<b>€th -5,371</b>	<b>-6,935</b>	<b>-4,172</b>

## Per Share Data

No. of shares net of treas. stock (year...)	Th 868,172	1,370,000	1,548,100
Number of diluted shares (average)	Th 686,697	1,285,378	1,590,342
<b>Benchmark EPS</b>	<b>€ -0.01</b>	<b>-0.01</b>	<b>0.00</b>
Restated NAV per share	€		
<b>Net dividend per share</b>	<b>€ 0.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.00	35%	<ul style="list-style-type: none"> <li>Adecco</li> <li>Drone Volt</li> </ul>
NAV/SOTP per share	€ 0.02	20%	
EV/Ebitda	€ 0.00	20%	
P/E	€ 0.00	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.01	5%	
TARGET PRICE	€ 0.01	100%	

### NAV/SOTP Calculation

## Balance Sheet

	12/20A	12/21E	12/22E
Goodwill	€th 2,653	2,918	2,860
Total intangible	€th 6,012	5,941	5,581
Tangible fixed assets	€th 1,135	1,284	2,242
Financial fixed assets	€th		5,000
WCR	€th 2,433	3,310	4,364
Other assets	€th 3,534	4,241	4,453
Total assets (net of short term liab.)	€th 14,933	16,820	24,528
<b>Ordinary shareholders' equity</b>	<b>€th 12,571</b>	<b>11,253</b>	<b>21,460</b>
Quasi Equity & Preferred	€th		
Minority interests	€th -2,039	-1,427	-1,285
Provisions for pensions	€th	0.00	0.00
Other provisions for risks and liabilities	€th 551	565	820
Total provisions for risks and liabilities	€th 551	565	820
Tax liabilities	€th		
Other liabilities	€th 4,821	4,966	9,000
<b>Net debt (cash)</b>	<b>€th -971</b>	<b>1,464</b>	<b>-5,467</b>
Total liab. and shareholders' equity	€th 14,933	16,820	24,528

## Capital Employed

Capital employed after depreciation	€th 9,580	10,536	17,187
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## Profits & Risks Ratios

<b>ROE (after tax)</b>	%	<b>-90.4</b>	<b>-43.9</b>	<b>-44.1</b>
ROCE	%	-47.0	-16.4	-24.6
<b>Gearing (at book value)</b>	%	<b>-0.53</b>	<b>2.19</b>	<b>-9.33</b>
Adj. Net debt/EBITDA(R)	x	0.23	-0.29	2.36
Interest cover (x)	x	-9.86	-8.08	-7.82

## Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-2.30</b>	<b>-0.62</b>	<b>-0.87</b>
Free cash flow yield	%	-20.5	-141	-74.9
P/Book	x	2.09	0.44	0.26
<b>Dividend yield</b>	<b>%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

Market cap	€th 26,231	4,932	5,573	
+ Provisions	€th 551	565	820	
+ Unrecognised actuarial losses/(gains)	€th 0.00	0.00	0.00	
+ Net debt at year end	€th -3,213	-1,003	-8,680	
+ Leases debt equivalent	€th 0.00	0.00	0.00	
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th 23,569	4,495	-2,287	
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-5.52</b>	<b>-0.90</b>	<b>0.99</b>
EV/Sales	x	1.76	0.30	-0.06

Analyst : Romain Pierredon, Changes to Forecasts : 28/10/2021.