



Drone Volt

Aerosp. & Defence Equipt. / France

More shares, less debt

Expansion in the Americas to increase profit - 12/07/2021

Change in Target Price

| | |
|----------------|--------|
| € 0.30 vs 0.34 | -11.0% |
|----------------|--------|

Drone Volt has adopted a strategy to reduce its debt through the emission of new stocks to better its financial structure. It has achieved the repayment of an expensive 12% interest rate bond of €800k and other convertible bonds and loans for a total value of €4.3m. Debt levels and associated interest rate have been adjusted downwards.

Change in NAV

| | |
|----------------|--------|
| € 0.29 vs 0.35 | -16.7% |
|----------------|--------|

The NAV has been negatively impacted by the number of additional shares emitted through the execution of an equity line. Our estimates of shares outstanding by the end of the year were 235 million, and we now believe it will be closer to 268 million (currently 246 million).

Change in DCF

| | |
|----------------|--------|
| € 0.42 vs 0.48 | -12.6% |
|----------------|--------|

Even if the cash generated through stock issuance reduces the debt and therefore the interest charge, the dilution stemming from the increased number of shares has more of an impact.



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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 : 58.1%

| | |
|-------------------------|--------|
| Target Price (6 months) | € 0.30 |
|-------------------------|--------|

| | |
|-------------|--------|
| Share Price | € 0.19 |
|-------------|--------|

| | |
|----------------|------|
| Market Cap. €M | 50.3 |
|----------------|------|

| | |
|----------------|-------------|
| Price Momentum | UNFAVORABLE |
|----------------|-------------|

| | |
|-------------------|-------------|
| Extremes 12Months | 0.07 ▶ 0.39 |
|-------------------|-------------|

| | |
|-----------|-----------------|
| Bloomberg | ALDRV FP Equity |
|-----------|-----------------|

| | |
|---------|----------|
| Reuters | ALDRV.PA |
|---------|----------|

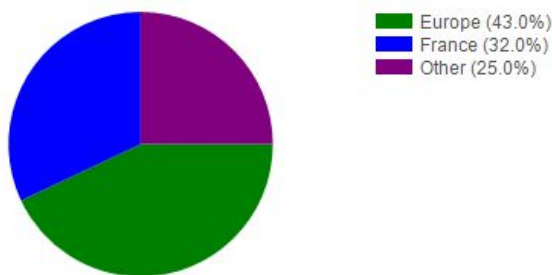

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| PERF | 1w | 1m | 3m | 12m |
|-------------------|-------|--------|--------|-------|
| Drone Volt | 2.10% | -11.6% | -27.5% | 168% |
| Aerospace-Defence | 0.66% | -0.72% | 5.32% | 46.1% |
| SXXR Index | 0.23% | 0.85% | 5.65% | 28.5% |

| Last updated: 12/07/2021 | 12/20A | 12/21E | 12/22E | 12/23E |
|-------------------------------|--------|--------|--------|--------|
| Adjusted P/E (x) | -3.14 | 99.3 | 28.1 | 13.2 |
| Dividend yield (%) | 0.00 | 0.00 | 0.00 | 0.00 |
| EV/EBITDA(R) (x) | -12.1 | 3.17 | 0.00 | 0.24 |
| Adjusted EPS (€) | -0.05 | 0.00 | 0.01 | 0.01 |
| Growth in EPS (%) | n/a | n/a | 253 | 113 |
| Dividend (€) | 0.00 | 0.00 | 0.00 | 0.00 |
| Sales (€th) | 5,836 | 13,607 | 16,585 | 20,744 |
| Other margin (%) | 29.3 | 45.6 | 50.4 | 59.7 |
| Attributable net profit (€th) | -6,393 | 6,441 | 1,776 | 3,855 |
| ROE (after tax) (%) | -47.6 | 30.8 | 7.14 | 13.9 |
| Gearing (%) | 8.95 | -35.5 | -62.9 | -63.0 |

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Sales by Geography



Consolidated P&L Accounts

| | | 12/20A | 12/21E | 12/22E |
|---|------------|---------------|-------------|--------------|
| Sales | €th | 5,836 | 13,607 | 16,585 |
| Change in sales | % | -17.9 | 133 | 21.9 |
| Change in staff costs | % | -5.12 | 5.40 | 17.0 |
| EBITDA | €th | -2,065 | 1,913 | 3,548 |
| EBITDA(R) margin | % | -35.4 | 14.1 | 21.4 |
| Depreciation | €th | | | |
| Underlying operating profit | €th | -4,189 | 360 | 2,115 |
| Operating profit (EBIT) | €th | -8,181 | 60.7 | 1,810 |
| Net financial expense | €th | -673 | -232 | -310 |
| of which related to pensions | €th | | 0.00 | 0.00 |
| Exceptional items & other | €th | | 6,000 | |
| Corporate tax | €th | 2,209 | 42.6 | -374 |
| Equity associates | €th | | | |
| Minority interests | €th | 252 | 569 | 650 |
| Adjusted attributable net profit | €th | -6,393 | 441 | 1,776 |
| NOPAT | €th | -2,932 | 252 | 1,481 |

Cashflow Statement

| | | 12/20A | 12/21E | 12/22E |
|---|------------|---------------|-------------|------------|
| EBITDA | €th | -2,065 | 1,913 | 3,548 |
| Change in WCR | €th | 1,685 | 245 | -62.0 |
| Actual div. received from equity holdi... | €th | 0.00 | 0.00 | 0.00 |
| Paid taxes | €th | 2,209 | 42.6 | -374 |
| Exceptional items | €th | | | |
| Other operating cash flows | €th | -991 | -286 | -225 |
| Total operating cash flows | €th | 838 | 1,914 | 2,886 |
| Capital expenditure | €th | -1,810 | -1,995 | -1,955 |
| Total investment flows | €th | -8,992 | 5,505 | -1,955 |
| Net interest expense | €th | -673 | -232 | -310 |
| Dividends (parent company) | €th | | | |
| Dividends to minorities interests | €th | 0.00 | 0.00 | 0.00 |
| New shareholders' equity | €th | 8,590 | 6,178 | 1,000 |
| Total financial flows | €th | 13,967 | 2,646 | 2,690 |
| Change in cash position | €th | 5,812 | 10,066 | 3,621 |
| Free cash flow (pre div.) | €th | -1,645 | -312 | 621 |

Per Share Data

| | | 12/20A | 12/21E | 12/22E |
|--|----------|--------------|-------------|-------------|
| No. of shares net of treas. stock (year... | Th | 198,523 | 259,963 | 264,509 |
| Number of diluted shares (average) | Th | 131,321 | 230,360 | 263,353 |
| Benchmark EPS | € | -0.05 | 0.00 | 0.01 |
| Restated NAV per share | € | | | |
| Net dividend per share | € | 0.00 | 0.00 | 0.00 |

Valuation Summary

| Benchmarks | Value | Weight | Largest comparables |
|--------------------|--------|--------|---------------------|
| DCF | € 0.42 | 35% | * KUKA |
| NAV/SOTP per share | € 0.29 | 20% | |
| EV/Ebitda | € 0.35 | 20% | |
| P/E | € 0.09 | 10% | |
| Dividend Yield | € 0.00 | 10% | |
| P/Book | € 0.29 | 5% | |
| TARGET PRICE | € 0.30 | 100% | |

NAV/SOTP Calculation

Balance Sheet

| | | 12/20A | 12/21E | 12/22E |
|--|------------|---------------|----------------|----------------|
| Goodwill | €th | 152 | 150 | 149 |
| Total intangible | €th | 5,477 | 5,376 | 5,554 |
| Tangible fixed assets | €th | 743 | 1,130 | 1,268 |
| Financial fixed assets | €th | | | |
| WCR | €th | 1,360 | 1,115 | 1,177 |
| Other assets | €th | 7,656 | 7,120 | 6,622 |
| Total assets (net of short term liab.) | €th | 19,985 | 20,849 | 21,035 |
| Ordinary shareholders' equity | €th | 17,640 | 24,191 | 25,589 |
| Quasi Equity & Preferred | €th | | | |
| Minority interests | €th | -129 | 7,100 | 7,010 |
| Provisions for pensions | €th | | 0.00 | 0.00 |
| Other provisions for risks and liabilities | €th | 244 | 281 | 323 |
| Total provisions for risks and liabilities | €th | 244 | 281 | 323 |
| Tax liabilities | €th | 0.00 | 0.00 | 0.00 |
| Other liabilities | €th | 4,141 | 4,555 | 5,011 |
| Net debt (cash) | €th | -1,911 | -15,277 | -16,898 |
| Total liab. and shareholders' equity | €th | 19,985 | 20,849 | 21,035 |

Capital Employed

| | | 12/20A | 12/21E | 12/22E |
|-------------------------------------|-----|--------|--------|--------|
| Capital employed after depreciation | €th | 7,580 | 7,621 | 7,999 |

Profits & Risks Ratios

| | | 12/20A | 12/21E | 12/22E |
|--------------------------------|---|--------------|--------------|--------------|
| ROE (after tax) | % | -47.6 | 30.8 | 7.14 |
| ROCE | % | -38.7 | 3.31 | 18.5 |
| Gearing (at book value) | % | 8.95 | -35.5 | -62.9 |
| Adj. Net debt/EBITDA(R) | x | 0.93 | -7.99 | -4.76 |
| Interest cover (x) | x | -6.22 | 1.56 | 6.83 |

Valuation Ratios

| | | 12/20A | 12/21E | 12/22E |
|----------------------------------|----------|--------------|-------------|-------------|
| Reference P/E (benchmark) | x | -3.14 | 99.3 | 28.1 |
| Free cash flow yield | % | -5.41 | -0.63 | 1.24 |
| P/Book | x | 1.72 | 2.04 | 1.96 |
| Dividend yield | % | 0.00 | 0.00 | 0.00 |

EV Calculation

| | | 12/20A | 12/21E | 12/22E |
|---|----------|--------------|-------------|-------------|
| Market cap | €th | 30,389 | 49,341 | 50,204 |
| + Provisions | €th | 244 | 281 | 323 |
| + Unrecognised actuarial losses/(gains) | €th | 0.00 | 0.00 | 0.00 |
| + Net debt at year end | €th | -2,172 | -15,551 | -17,186 |
| + Leases debt equivalent | €th | 0.00 | 0.00 | 0.00 |
| - Financial fixed assets (fair value) | €th | 3,898 | 6,712 | 12,305 |
| + Minority interests (fair value) | €th | 387 | -21,300 | -21,030 |
| = EV | €th | 24,949 | 6,059 | 5.56 |
| EV/EBITDA(R) | x | -12.1 | 3.17 | 0.00 |
| EV/Sales | x | 4.28 | 0.45 | 0.00 |

Analyst : Romain Pierredon, Changes to Forecasts : 12/07/2021.