



Europlasma

Alternative Energy / France

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Model adjustments for full integration of power generation units

Long path to green power - 10/04/2018

Change in Target Price

€ 0.38 vs 0.37 **+1.42%**

Europlasma's business model change, whereby it garners full control of its green power generation units, is an essential strategic move with positive implications in terms of visibility. It tends to weigh on near-term valuations though as the surge in its fixed asset base bites into the FCF. It is primarily the DCF and NAV valuations that help recognise the future value of the business in its new guise. It is important for would-be investors to keep in mind that the technology issues are essentially sorted, that the debt funding of project number 2 is also sorted but that the equity funding of future units will depend on the good execution of the first units. So that our modelling may have to be rejigged.

Change in EPS

2017 : € -0.11 vs -0.11
2018 : € 0.00 vs 0.01 **-97.3%**

Changes to 2018 earnings are not relevant and a consequence of the change in the business model.

Change in NAV

€ 0.43 vs 0.38 **+13.2%**

The update in our NAV recognises the value of the power generation assets as per the value agreed upon in an asset swap with a minority partner (see relevant research papers).

Change in DCF

€ 0.73 vs 0.57 **+27.6%**

Sales and cash flow will be "power"-driven in the future, whereas they were EPC-based in the previous set-up. Our DCF has been rebuilt to allow for the surge in EBITDA and capex in the next 4-5 years with a slowdown thereafter. This DCF also has to allow for dividend payments to minorities in power SPVs.

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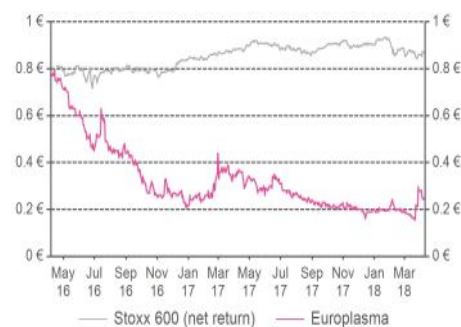
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AlphaValue is contracted by Europlasma to provide equity research on Europlasma, using AlphaValue's unique and transparent methods and procedures. Target price and opinion are thus exclusively determined by those methods and procedures.

Buy

Upside : 52.0%

Target Price (6 months)	€ 0.38
Share Price	€ 0.25
Market Cap. €M	37.9
Price Momentum	STRONG
Extremes 12Months	0.16 ▶ 0.37
Bloomberg	ALEUP FP Equity
Reuters	ALEUP.PA

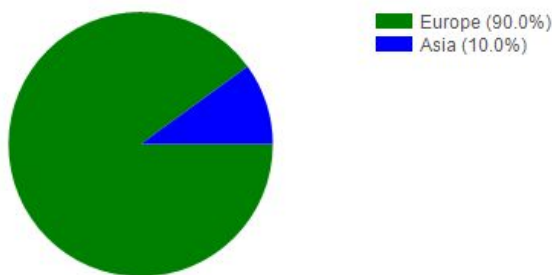
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PERF	1w	1m	3m	12m
Europlasma	-10.3%	40.2%	31.7%	-28.7%
Utilities	1.33%	4.23%	-0.13%	9.54%
SXXR Index	1.33%	-0.43%	-5.54%	1.04%

Last updated: 10/04/2018	12/15A	12/16A	12/17E	12/18E
Adjusted P/E (x)	-4.28	-2.81	-2.48	ns
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-8.26	-5.40	-4.95	23.2
Adjusted EPS (€)	-0.24	-0.18	-0.11	0.00
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	14,082	9,733	8,224	21,600
Operating margin (%)	-104	-173	-191	-2.33
Attributable net profit (€th)	-	-	-	41.5
ROE (after tax) (%)	-171	3,126	423	-0.92
Gearing (%)	28.3			

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Sales by Geography



Consolidated P&L Accounts

	12/16A	12/17E	12/18E
Sales	€th 9,733	8,224	21,600
Change in sales	% -30.9	-15.5	163
Change in staff costs	% 4.76	0.00	4.55
EBITDA	€th -11,708	-9,459	4,421
EBITDA(R) margin	% -120	-115	20.5
Depreciation	€th -4,230	-5,656	-4,925
Underlying operating profit	€th -15,938	-15,715	-504
Operating profit (EBIT)	€th -16,712	-15,715	-504
Net financial expense	€th -396	-2,000	-2,500
of which related to pensions	€th	0.00	0.00
Exceptional items & other	€th		
Corporate tax	€th -165	3,500	3,000
Equity associates	€th 0.00	0.00	0.00
Minority interests	€th 0.00	0.00	45.6
Adjusted attributable net profit	€th -16,621	-14,215	41.5
NOPAT	€th -11,157	-11,000	-353

Cashflow Statement

	12/16A	12/17E	12/18E
EBITDA	€th -11,708	-9,459	4,421
Change in WCR	€th 3,536	-3,175	500
Actual div. received from equity holdi...	€th 0.00	0.00	0.00
Paid taxes	€th -335	3,500	3,000
Exceptional items	€th		
Other operating cash flows	€th 800	1,000	1,000
Total operating cash flows	€th -7,707	-8,134	8,921
Capital expenditure	€th -5,585	-3,500	-25,500
Total investment flows	€th -5,865	-4,500	-26,500
Net interest expense	€th -396	-2,000	-2,500
Dividends (parent company)	€th		
Dividends to minorities interests	€th 0.00	0.00	0.00
New shareholders' equity	€th 10,900	13,000	10,000
Total financial flows	€th 8,713	5,500	31,500
Change in cash position	€th -4,859	-7,134	13,921
Free cash flow (pre div.)	€th -13,688	-13,634	-19,079

Per Share Data

	12/16A	12/17E	12/18E
No. of shares net of treas. stock (year...)	Th 111,650	152,405	202,405
Number of diluted shares (average)	Th 90,659	132,028	200,462
Benchmark EPS	€ -0.18	-0.11	0.00
Restated NAV per share	€		
Net dividend per share	€ 0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.73	35%	● Acciona
NAV/SOTP per share	€ 0.43	20%	■ Drax Group
EV/Ebitda	€ 0.08	20%	■ Gea Group
P/E	€ 0.18	10%	● Elecnor
Dividend Yield	€ 0.00	10%	■ ERG
P/Book	€ 0.12	5%	
TARGET PRICE	€ 0.38	100%	

NAV/SOTP Calculation

Balance Sheet

	12/16A	12/17E	12/18E
Goodwill	€th 664	700	1,000
Total intangible	€th 911	1,014	1,314
Tangible fixed assets	€th 13,186	13,000	39,000
Financial fixed assets	€th 3,538	3,600	8,000
WCR	€th -675	2,500	2,000
Other assets	€th 3,415	4,000	4,000
Total assets (net of short term liab.)	€th 25,776	30,114	60,314
Ordinary shareholders' equity	€th -3,600	-3,120	-5,899
Quasi Equity & Preferred	€th		
Minority interests	€th 100	100	20,000
Provisions for pensions	€th 500	0.00	0.00
Other provisions for risks and liabilities	€th 5,679	10,000	12,000
Total provisions for risks and liabilities	€th 6,179	10,000	12,000
Tax liabilities	€th -252	-2,000	-2,000
Other liabilities	€th 14,830	15,000	16,000
Net debt (cash)	€th 8,500	10,134	20,213
Total liab. and shareholders' equity	€th 25,757	30,114	60,314

Capital Employed

	12/16A	12/17E	12/18E
Capital employed after depreciation	€th 16,960	20,114	50,314

Profits & Risks Ratios

	12/16A	12/17E	12/18E
ROE (after tax)	% 3,126	423	-0.92
ROCE	% -65.8	-54.7	-0.70
Gearing (at book value)	%		
Adj. Net debt/EBITDA(R)	x -0.73	-1.07	4.57
Interest cover (x)	x -40.2	-7.86	-0.20

Valuation Ratios

	12/16A	12/17E	12/18E
Reference P/E (benchmark)	x -2.81	-2.48	ns
Free cash flow yield	% -23.8	-33.5	-37.8
P/Book	x -16.0	-13.0	-8.56
Dividend yield	% 0.00	0.00	0.00

EV Calculation

	12/16A	12/17E	12/18E
Market cap	€th 57,596	40,657	50,500
+ Provisions	€th 6,179	10,000	12,000
+ Unrecognised actuarial losses/(gains)	€th 0.00	0.00	0.00
+ Net debt at year end	€th 8,500	10,134	20,213
+ Leases debt equivalent	€th 0.00	0.00	0.00
- Financial fixed assets (fair value)	€th 10,000	15,000	0.00
+ Minority interests (fair value)	€th 1,000	1,000	20,000
= EV	€th 63,275	46,791	102,713
EV/EBITDA(R)	x -5.40	-4.95	23.2
EV/Sales	x 6.50	5.69	4.76

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 10/04/2018.