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Engineering-Heavy Constr. / France

Strong audit & inspection division driving the performance in oil & gas

27/05/2019

Change in EPS

2019 : € -0.08 vs -0.16	ns
2020 : € -0.11 vs 0.03	ns

We have updated our model with the FY18 figures.

We have revised our growth expectations for the oil & gas activities, as we see a dynamic Audit & Inspection division but a slower recovery of the Technical Assistance division. We now target a 2019 turnover of €4m for the Technical Assistance division (vs. €6m previously) and keep our revenue forecast at €5m for the Audit & Inspection division.

In New Energies, we shift our scenario by one year, with an order for a 4M floater pilot in 2020. Note that we have modelled the renewable division around the creation of an ad hoc SPV with Dietswell sharing ownership with an industrial partner (Dietswell keeping 50% + 1 share in the entity). We stick to this scenario for now and model for a start in 2020 (against 2019 previously).

The 2019 and 2020 EPS are impacted by the one-year shift in New Energies (2019 positively and 2020 negatively).



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

Buy Upside : 105%

Target Price (6 months)	€ 2.44
Share Price	€ 1.20
Market Cap. €M	7.61
Price Momentum	STRONG
Extremes 12Months	0.70 ▶ 1.48
Bloomberg	ALDIE FP Equity
Reuters	ALDIE.PA

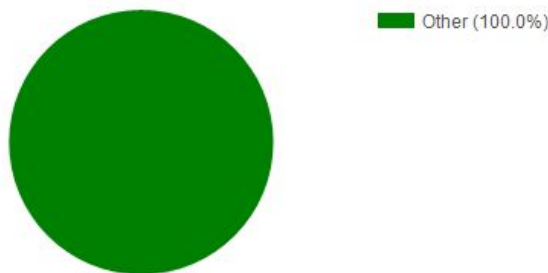

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PERF	1w	1m	3m	12m
Dietswell	-8.08%	1.70%	14.9%	-17.0%
Capital Goods	-1.81%	-3.96%	4.79%	-4.94%
SXXR Index	-1.29%	-3.02%	2.92%	-0.86%

Last updated: 27/05/2019	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	-24.3	-14.3	-11.3	44.4
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	ns	-78.1	10.6	8.22
Adjusted EPS (€)	-0.05	-0.08	-0.11	0.03
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	7,149	10,500	15,125	28,775
EBIT margin (%)	10.7	-3.05	7.98	9.51
Attributable net profit (€th)	-282	-531	-673	171
ROE (after tax) (%)	-7.64	-14.5	-111	-8.65
Gearing (%)	25.8	52.8		

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

Sales by Geography



Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	€th	7,149	10,500	15,125
Change in sales	%	5.54	46.9	44.0
Change in staff costs	%	4.85	20.8	33.3
EBITDA	€th	21.3	-130	1,480
EBITDA(R) margin	%	0.30	-1.24	9.78
Depreciation	€th			
Underlying operating profit	€th	-273	-480	1,095
Operating profit (EBIT)	€th	-250	-480	651
Net financial expense	€th	-29.3	-50.5	-948
of which related to pensions	€th		-5.70	-7.02
Exceptional items & other	€th	0.00	0.00	0.00
Corporate tax	€th	-2.45	0.00	-377
Equity associates	€th			
Minority interests	€th			
Adjusted attributable net profit	€th	-282	-531	-673
NOPAT	€th	-175	-332	461

Cashflow Statement

		12/18A	12/19E	12/20E
EBITDA	€th	21.3	-130	1,480
Change in WCR	€th	-144	-244	-124
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	-2.45	0.00	-377
Exceptional items	€th			
Other operating cash flows	€th	207		
Total operating cash flows	€th	82.0	-374	979
Capital expenditure	€th	-1,313	-500	-500
Total investment flows	€th	-1,449	-500	-5,500
Net interest expense	€th	-29.3	-50.5	-948
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	1,061	0.00	0.00
Total financial flows	€th	1,743	213	5,880
Change in cash position	€th	377	-661	1,359
Free cash flow (pre div.)	€th	-1,260	-925	-469

Per Share Data

		12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...	Th	6,364	6,364	6,364
Number of diluted shares (average)	Th	5,834	6,364	6,364
Benchmark EPS	€	-0.05	-0.08	-0.11
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 4.03	35%	● TechnipFMC
NAV/SOTP per share	€ 4.72	20%	■ Saipem
EV/Ebitda	€ 0.00	20%	■ Elecnor
P/E	€ 0.60	10%	● Ecoslops
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.60	5%	
TARGET PRICE	€ 2.44	100%	

NAV/SOTP Calculation

Balance Sheet

		12/18A	12/19E	12/20E
Goodwill	€th			
Total intangible	€th	2,942	3,092	3,207
Tangible fixed assets	€th	1,136	1,136	1,136
Financial fixed assets	€th			
WCR	€th	2,192	2,436	2,560
Other assets	€th	188	182	182
Total assets (net of short term liab.)	€th	6,655	7,044	7,284
Ordinary shareholders' equity	€th	4,076	3,218	-2,009
Quasi Equity & Preferred	€th			
Minority interests	€th		0.00	0.00
Provisions for pensions	€th		328	333
Other provisions for risks and liabilities	€th	83.4	83.4	83.4
Total provisions for risks and liabilities	€th	83.4	411	416
Tax liabilities	€th	1,225	1,225	1,225
Other liabilities	€th	31.2	31.2	31.2
Net debt (cash)	€th	1,239	2,159	7,620
Total liab. and shareholders' equity	€th	6,655	7,044	7,284

Capital Employed

		12/18A	12/19E	12/20E
Capital employed after depreciation	€th	6,269	6,664	6,903

Profits & Risks Ratios

		12/18A	12/19E	12/20E
ROE (after tax)	%	-7.64	-14.5	-11.1
ROCE	%	-2.79	-4.98	6.68
Gearing (at book value)	%	25.8	52.8	
Adj. Net debt/EBITDA(R)	x	58.3	-16.6	5.15
Interest cover (x)	x	-9.34	-10.7	1.16

Valuation Ratios

		12/18A	12/19E	12/20E
Reference P/E (benchmark)	x	-24.3	-14.3	-11.3
Free cash flow yield	%	-16.8	-12.2	-6.16
P/Book	x	1.83	2.36	-3.79
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/18A	12/19E	12/20E
Market cap	€th	7,479	7,605	7,605
+ Provisions	€th	83.4	411	416
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	1,239	2,159	7,620
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	8,802	10,175	15,641
EV/EBITDA(R)	x	ns	-78.1	10.6
EV/Sales	x	1.23	0.97	1.03

Analyst : Kevin Vo, Changes to Forecasts : 27/05/2019.