



# Ecoslops

Other Energies / France

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## A green solution to slops

17/07/2018

### Change in Target Price

€ 24.3 vs 20.4	+19.2%
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The upgrade allows for final 2017 figures which confirm that the Sines plant is in FCF mode and thus can be valued less as a project and more as a cash cow. Other units in the pipeline have been similiary upgraded.

### Change in EPS

2018 : € 0.03 vs 0.05	-45.8%
2019 : € 0.23 vs -0.52	ns

2017 earnings have been more than breaking even which was not a given and provides a sound base for the following years. The upgrades to 2018 and 2019 reflect improving operating conditions as realisation prices for refined products are somewhat more attractive than nine months ago. The rise in inputs (slops) does not offset these realisation gains.

### Change in NAV

€ 31.9 vs 20.1	+58.8%
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The NAV computation is now based on the 2020 EBITDA for Sines and time-adjusted similar multiples for other refining units as they are gradually fired up. We have allowed for a cautious valuation for smaller "refinery in a box" Mini P2Rs soon to be tested.

### Change in DCF

€ 26.1 vs 29.0	-9.93%
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The DCF has been revised to only allow for projects currently in the pipeline.



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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 : 71.2%

Target Price (6 months)	€ 24.3
Share Price	€ 14.2
Market Cap. €M	62.2
Price Momentum	<b>GOOD</b>
Extremes 12Months	11.1 ▶ 17.0
Bloomberg	ALESA FP Equity
Reuters	ALESA.PA

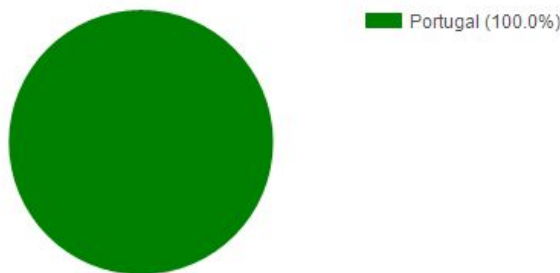

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PERF	1w	1m	3m	12m
Ecoslops	-2.07%	-13.9%	5.19%	-1.23%
Oils	-2.73%	0.98%	10.3%	32.5%
SXXR Index	-0.14%	-1.21%	2.95%	2.05%

Last updated: 17/07/2018	12/16A	12/17A	12/18E	12/19E
Adjusted P/E (x)	-8.78	-37.2	ns	62.5
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-14.4	ns	42.4	23.0
Adjusted EPS (€)	-1.02	-0.34	0.03	0.23
Growth in EPS (%)	n/a	n/a	n/a	782
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	4,366	6,080	10,762	17,248
EBITDA/R margin (%)	-65.9	5.43	16.7	23.7
Attributable net profit (€th)	-3,420	-1,350	115	1,100
ROE (after tax) (%)	-26.1	-8.00	0.52	3.89
Gearing (%)	79.1	29.0	34.8	51.2

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## Sales by Geography



## Consolidated P&L Accounts

		12/17A	12/18E	12/19E
Sales	€th	6,080	10,762	17,248
Change in sales	%	39.3	77.0	60.3
Change in staff costs	%	-27.9	6.12	53.8
EBITDA	€th	-331	1,802	4,080
<b>EBITDA(R) margin</b>	<b>%</b>	<b>-5.44</b>	<b>16.7</b>	<b>23.7</b>
Depreciation	€th	-1,120	-1,454	-1,954
Underlying operating profit	€th	-1,621	348	2,126
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-1,621</b>	<b>348</b>	<b>2,126</b>
Net financial expense	€th	-118	-665	-1,422
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th	-18.5	0.00	0.00
Corporate tax	€th	408	432	396
Equity associates	€th	0.00	0.00	0.00
Minority interests	€th	0.00	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-1,350</b>	<b>115</b>	<b>1,100</b>
NOPAT	€th	-1,135	244	1,488

## Cashflow Statement

EBITDA	€th	-331	1,802	4,080
Change in WCR	€th	-426	-1,422	-1,061
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	0.00	432	396
Exceptional items	€th	0.00	0.00	0.00
Other operating cash flows	€th	267	1,181	0.00
Total operating cash flows	€th	-490	1,993	3,416
Capital expenditure	€th	-471	-14,200	-18,900
Total investment flows	€th	-471	-14,200	-18,900
Net interest expense	€th	-118	-665	-1,422
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	10,471	44.6	10,485
Total financial flows	€th	4,912	15,710	25,086
Change in cash position	€th	3,951	3,503	9,601
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>-1,079</b>	<b>-12,872</b>	<b>-16,906</b>

## Per Share Data

No. of shares net of treas. stock (year...	Th	4,382	4,382	5,159
Number of diluted shares (average)	Th	3,946	4,452	4,844
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.34</b>	<b>0.03</b>	<b>0.23</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 26.1	40%	■ Neste
NAV/SOTP per share	€ 31.9	40%	■ Galp Energia
P/E	€ 7.10	5%	■ Saras
EV/Ebitda	€ 1.37	5%	■ Hellenic Petroleum
P/Book	€ 13.9	5%	■ Acciona
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 24.3	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/17A	12/18E	12/19E
Goodwill	€th	0.00	0.00	0.00
Total intangible	€th	451	492	492
Tangible fixed assets	€th	17,034	29,406	46,353
Financial fixed assets	€th	19.1	19.1	19.1
WCR	€th	590	2,012	3,073
Other assets	€th	3,504	3,386	3,386
Total assets (net of short term liab.)	€th	23,726	37,466	55,473
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>21,422</b>	<b>22,515</b>	<b>34,100</b>
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
Other provisions for risks and liabilities	€th	187	0.00	0.00
Total provisions for risks and liabilities	€th	187	0.00	0.00
Tax liabilities	€th	0.00	0.00	0.00
Other liabilities	€th	699	705	705
<b>Net debt (cash)</b>	<b>€th</b>	<b>1,419</b>	<b>14,247</b>	<b>20,668</b>
Total liab. and shareholders' equity	€th	23,728	37,466	55,473

## Capital Employed

Capital employed after depreciation	€th	18,095	31,929	49,936
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## Profits & Risks Ratios

<b>ROE (after tax)</b>	<b>%</b>	<b>-8.00</b>	<b>0.52</b>	<b>3.89</b>
ROCE	%	-6.27	0.76	2.98
<b>Gearing (at book value)</b>	<b>%</b>	<b>29.0</b>	<b>34.8</b>	<b>51.2</b>
Adj. Net debt/EBITDA(R)	x	-4.29	7.91	5.07
Interest cover (x)	x	-13.7	0.52	1.50

## Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-37.2</b>	<b>ns</b>	<b>62.5</b>
Free cash flow yield	%	-1.94	-20.7	-23.1
P/Book	x	2.60	2.76	2.15
<b>Dividend yield</b>	<b>%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

Market cap	€th	55,735	62,218	73,252
+ Provisions	€th	187	0.00	0.00
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	1,419	14,247	20,668
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	57,341	76,465	93,920
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>ns</b>	<b>42.4</b>	<b>23.0</b>
EV/Sales	x	9.43	7.11	5.45

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 17/07/2018.