



Delta Drone

Aerosp. & Defence Equipt. / France

Integration of the Weesure Group

Diversification of drone applications to capture future trends - 10/06/2021

Change in NAV

€ 0.05 vs 0.04 **+16.9%**

The NAV recognises a 'spot' value creation from freshly-acquired Weesure Group (following a change in the business model) above the acquisition price. We also now allow for the market price of listed Delta Drone International in Australia.

Change in DCF

€ 0.07 vs 0.07 **-10.4%**

This Weesure acquisition aims at solidifying the group's revenues, with an additional stable €24m of revenues expected by FY22 and half expected by FY21 as the consolidation would occur in H2. The thinner margins resulting from this acquisition are mainly derived from additional wage costs (security staff) and depreciation. As the latter is a non-cash item, free cash flow is still bettered and is now expected to reach €8.6m by FY2023 vs €6.1m previously estimated.

However, the funding through equity lines happens to be massively dilutive. Looking forward, we have allowed for a near doubling of the average number of shares by 2021. This is why the DCF ends up with a net per share contraction.



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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 : 155%**

Target Price (6 months) € 0.04

Share Price € 0.02

Market Cap. €M 17.6

Price Momentum **NEGATIVE**

Extremes 12Months 0.02 ▶ 0.04

Bloomberg ALDR FP Equity

Reuters ALDR.PA



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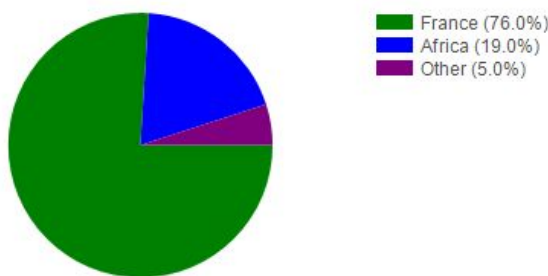


PERF	1w	1m	3m	12m
Delta Drone	-10.1%	-23.1%	-42.7%	-54.3%
Aerospace-Defence	-0.12%	5.22%	6.10%	27.2%
SXXR Index	0.72%	2.31%	9.28%	25.8%

Last updated: 10/06/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-2.30	-24.7	ns	17.5
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-5.52	4.17	0.24	-0.99
Adjusted EPS (€)	-0.01	0.00	0.00	0.00
Growth in EPS (%)	n/a	n/a	n/a	568
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	13,417	34,744	50,879	55,434
Other margin (%)	63.8	70.2	73.5	73.8
Attributable net profit (€th)	10,818	-2,848	7,593	1,330
ROE (after tax) (%)	-90.4	-16.5	25.5	3.12
Gearing (%)	-0.53	-14.7	-34.3	-53.8

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

Sales by Geography



Consolidated P&L Accounts

	12/20A	12/21E	12/22E
Sales	€th 13,417	34,744	50,879
Change in sales	% -16.1	159	46.4
Change in staff costs	% -10.0	60.7	52.0
EBITDA	€th -4,269	3,530	5,759
EBITDA(R) margin	% -31.8	10.2	11.3
Depreciation	€th -1,479	-3,822	-5,088
Underlying operating profit	€th -5,747	-292	671
Operating profit (EBIT)	€th -7,556	-2,321	12.2
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	8,000
Corporate tax	€th -150	372	360
Equity associates	€th -479	-95.8	-9.58
Minority interests	€th 43.3	47.6	57.1
Adjusted attributable net profit	€th -9,038	-848	223
NOPAT	€th -4,502	-300	460

Cashflow Statement

	12/20A	12/21E	12/22E
EBITDA	€th -4,269	3,530	5,759
Change in WCR	€th 1,494	-2,947	-352
Actual div. received from equity holdi...	€th 0.00	0.00	0.00
Paid taxes	€th 122	372	360
Exceptional items	€th -2,098	-32.0	-38.0
Other operating cash flows	€th 500	500	500
Total operating cash flows	€th -4,251	1,423	6,229
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	3,000
Total financial flows	€th 6,263	9,683	2,254
Change in cash position	€th 2,914	5,018	14,995
Free cash flow (pre div.)	€th -5,371	16.4	4,812

Per Share Data

	12/20A	12/21E	12/22E
No. of shares net of treas. stock (year...)	Th 868,172	1,370,000	1,507,000
Number of diluted shares (average)	Th 686,697	1,310,378	1,629,792
Benchmark EPS	€ -0.01	0.00	0.00
Restated NAV per share	€		
Net dividend per share	€ 0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.07	35%	● Drone Volt
NAV/SOTP per share	€ 0.05	20%	■ Adecco
EV/Ebitda	€ 0.03	20%	
P/E	€ 0.01	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.03	5%	
TARGET PRICE	€ 0.04	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	5,000
WCR	€th 2,433	5,380	5,732
Other assets	€th 3,534	4,241	4,453
Total assets (net of short term liab.)	€th 14,933	23,890	25,895
Ordinary shareholders' equity	€th 12,571	21,914	37,723
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	770	859
Total provisions for risks and liabilities	€th 551	770	859
Tax liabilities	€th		
Other liabilities	€th 4,821	8,120	9,000
Net debt (cash)	€th -971	-5,487	-20,402
Total liab. and shareholders' equity	€th 14,933	23,890	25,895

Capital Employed

	12/20A	12/21E	12/22E
Capital employed after depreciation	€th 9,580	17,606	18,555

Profits & Risks Ratios

	12/20A	12/21E	12/22E
ROE (after tax)	% -90.4	-16.5	25.5
ROCE	% -47.0	-1.71	2.48
Gearing (at book value)	% -0.53	-14.7	-34.3
Adj. Net debt/EBITDA(R)	x 0.23	-1.55	-3.54
Interest cover (x)	x -9.86	-0.36	0.81

Valuation Ratios

	12/20A	12/21E	12/22E
Reference P/E (benchmark)	x -2.30	-24.7	ns
Free cash flow yield	% -20.5	0.07	20.0
P/Book	x 2.09	1.00	0.64
Dividend yield	% 0.00	0.00	0.00

EV Calculation

	12/20A	12/21E	12/22E
Market cap	€th 26,231	21,920	24,112
+ Provisions	€th 551	770	859
+ Unrecognised actuarial losses/(gains)	€th 0.00	0.00	0.00
+ Net debt at year end	€th -3,213	-7,954	-23,615
+ 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	14,736	1,357
EV/EBITDA(R)	x -5.52	4.17	0.24
EV/Sales	x 1.76	0.42	0.03

Analyst : Romain Pierredon, Changes to Forecasts : 10/06/2021.