



# Europlasma

Alternative Power Sources / France



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## Pain still the 2016 order of the day

The long(er) path to green energy - 26/09/2016

### Change in Target Price

€ 0.62 vs 1.23 **-49.6%**

The sharp drop in target price combines the hard reality of 2015 which recorded another major loss and the 2016 own set of problems, including the dilutive costs of equity financing rounds. The H2 performance of the core project - waste to power - is pointing to a "worst behind" status.

### Change in EPS

2016 : € -0.06 vs 0.05 **ns**  
2017 : € 0.02 vs 0.09 **-73.5%**

2016 was not expected to be a great year but hopes of a bottom line breakeven have been dashed by a 2-month stop in the asbestos processing unit leading to group net loss expectations. 2017 and 2018 figures are extremely fragile as they are built on an "old" business model that may be rethought in the next few quarters.

### Change in NAV

€ 0.66 vs 1.40 **-53.1%**

Our NAV tries to recognise the value of the 4-year old efforts in putting together a waste to power prototype unit that will spin five sister projects and more. It obviously depends on continuing financing which has been achieved to date. This is at a great dilution cost.

### Change in DCF

€ 0.89 vs 1.93 **-54.0%**

A DCF primarily embarks on the long-term cash flows of power generation. It is a fragile computation as it is a distant proposition, dependent on the business model and suffers from the full dilution costs.

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 : 59.0%**

Target Price (6 months)	€ 0.62
Share Price	€ 0.39
Market Capitalisation €M	27.2
Price Momentum	<b>NEGATIVE</b>
Extremes 12Months	0.39 ▶ 1.07
Newsflow	Neutral
Bloomberg	ALEUP FP Equity
Reuters	ALEUP.PA

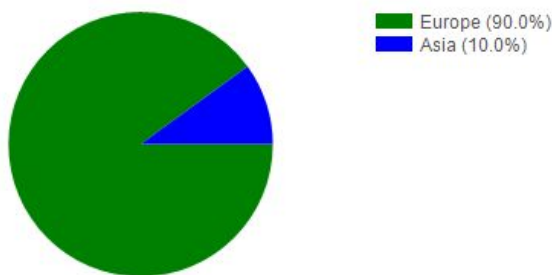
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PERF	1w	1m	3m	12m
Europlasma	0.00%	-9.30%	-20.4%	-55.7%
Capital Goods	3.15%	0.68%	8.35%	24.8%
SXXR Index	2.25%	0.18%	0.13%	2.46%

Last updated: 26/09/2016	12/14A	12/15A	12/16E	12/17E
Adjusted P/E (x)	-2.92	-4.33	-6.81	15.7
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-9.72	-8.36	-7.76	0.67
Adjusted EPS (€)	-0.57	-0.24	-0.06	0.02
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	8,983	14,082	15,214	58,741
Operating margin (%)	ns	-104	-45.0	6.89
Attributable net profit (€th)	25,902	16,515	-5,910	3,888
ROE (after tax) (%)	-270	-171	-41.7	9.72
Gearing (%)	34.1	28.3	-20.2	-53.4

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

## Sales by Geography



## Consolidated P&L Account

	12/15A	12/16E	12/17E
Sales	€th 14,082	15,214	58,741
Change in sales	% 56.8	8.04	286
Change in staff costs	% 27.6	0.00	4.76
EBITDA	€th -9,068	-2,750	8,146
<b>EBITDA(R) margin</b>	<b>% -64.4</b>	<b>-18.1</b>	<b>13.9</b>
Depreciation	€th -3,274	-3,500	-3,500
Underlying operating profit	€th -14,754	-6,850	4,046
<b>Operating profit (EBIT)</b>	<b>€th -14,942</b>	<b>-6,850</b>	<b>4,046</b>
Net financial expense	€th -140	-200	-200
of which related to pensions	€th	0.00	0.00
Exceptional items & other	€th		
Corporate tax	€th -1,296	1,140	-498
Equity associates	€th -137	0.00	540
Minority interests	€th 0.00	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>€th -16,515</b>	<b>-5,910</b>	<b>3,888</b>
NOPAT	€th -10,465	-4,795	3,372

## Cashflow Statement

	12/15A	12/16E	12/17E
EBITDA	€th -9,068	-2,750	8,146
Change in WCR	€th -3,357	861	-500
Actual div. received from equity holdi...	€th 0.00	0.00	0.00
Paid taxes	€th -526	1,140	-498
Exceptional items	€th		
Other operating cash flows	€th 800	1,000	1,000
Total operating cash flows	€th -12,151	251	8,148
Capital expenditure	€th -2,275	-2,200	-2,400
Total investment flows	€th -2,275	-8,200	-8,400
Net interest expense	€th -140	-200	-200
Dividends (parent company)	€th		
Dividends to minorities interests	€th 0.00	0.00	0.00
New shareholders' equity	€th 466	30,000	26,000
Total financial flows	€th 7,557	28,800	22,800
Change in cash position	€th -6,869	20,851	22,548
<b>Free cash flow (pre div.)</b>	<b>€th -14,566</b>	<b>-2,149</b>	<b>5,548</b>

## Per Share Data

	12/15A	12/16E	12/17E
No. of shares net of treas. stock (year...)	Th 69,667	98,650	131,150
Number of diluted shares (average)	Th 69,356	103,196	156,255
<b>Benchmark EPS</b>	<b>€ -0.24</b>	<b>-0.06</b>	<b>0.02</b>
Restated NAV per share	€		
<b>Net dividend per share</b>	<b>€ 0.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.89	35%	• Gea Group
NAV/SOTP per share	€ 0.66	20%	• Suez
EV/Ebitda	€ 0.61	20%	• Elecnor
P/E	€ 0.20	10%	• ERG
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.73	5%	
TARGET PRICE	€ 0.62	100%	

### NAV/SOTP Calculation

## Balance Sheet

	12/15A	12/16E	12/17E
Goodwill	€th 1,316	1,500	1,700
Total intangible	€th 1,630	1,814	2,014
Tangible fixed assets	€th 11,500	12,000	13,000
Financial fixed assets	€th 3,549	6,000	10,000
WCR	€th 2,861	2,000	2,500
Other assets	€th 1,118	2,000	2,000
Total assets (net of short term liab.)	€th 27,171	29,814	35,514
<b>Ordinary shareholders' equity</b>	<b>€th 2,495</b>	<b>25,856</b>	<b>54,104</b>
Quasi Equity & Preferred	€th		
Minority interests	€th 100	100	100
Provisions for pensions	€th 400	0.00	0.00
Other provisions for risks and liabilities	€th 6,800	8,000	10,000
Total provisions for risks and liabilities	€th 7,200	8,000	10,000
Tax liabilities	€th -362	-2,000	-2,000
Other liabilities	€th 12,054	14,000	15,000
<b>Net debt (cash)</b>	<b>€th 5,709</b>	<b>-16,142</b>	<b>-41,690</b>
Total liab. and shareholders' equity	€th 27,196	29,814	35,514

## Capital Employed

	12/15A	12/16E	12/17E
Capital employed after depreciation	€th 19,540	21,814	27,514

## Profits & Risks Ratios

	12/15A	12/16E	12/17E
<b>ROE (after tax)</b>	<b>% -171</b>	<b>-41.7</b>	<b>9.72</b>
ROCE	% -53.6	-22.0	12.3
<b>Gearing (at book value)</b>	<b>% 28.3</b>	<b>-20.2</b>	<b>-53.4</b>
Adj. Net debt/EBITDA(R)	x -0.63	5.87	-5.12
Interest cover (x)	x -105	-34.3	20.2

## Valuation Ratios

	12/15A	12/16E	12/17E
<b>Reference P/E (benchmark)</b>	<b>x -4.33</b>	<b>-6.81</b>	<b>15.7</b>
Free cash flow yield	% -20.3	-5.59	10.8
P/Book	x 28.8	1.49	0.95
<b>Dividend yield</b>	<b>% 0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

	12/15A	12/16E	12/17E
Market cap	€th 71,886	38,474	51,149
+ Provisions	€th 7,200	8,000	10,000
+ Unrecognised actuarial losses/(gains)	€th 0.00	0.00	0.00
+ Net debt at year end	€th 5,709	-16,142	-41,690
+ Leases debt equivalent	€th 0.00	0.00	0.00
- Financial fixed assets (fair value)	€th 10,000	10,000	15,000
+ Minority interests (fair value)	€th 1,000	1,000	1,000
= EV	€th 75,795	21,332	5,459
<b>EV/EBITDA(R)</b>	<b>x -8.36</b>	<b>-7.76</b>	<b>0.67</b>
EV/Sales	x 5.38	1.40	0.09

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 26/09/2016.