



Europlasma

Alternative Energy / France

Price to pay for survival: massive dilution

Zigi turns shares into fine dust - 05/08/2019

Change in Target Price

€ 0.08 vs 0.23 **-67.6%**

Now that the commercial court has signed off the restructuring and refinancing plans implemented by a new reference shareholder, we use the potential new number of shares of 640m shares vs. the 345m in our previous guesstimates. Note that, since 2018 accounts have yet to be released, the modelling is out of whack anyway. Everything hinges on the ability of the new governance to obtain full funding for the green power projects, delivered on time. The financial restructuring will have taken its toll on that front.

Change in NAV

€ 0.07 vs 0.23 **-69.2%**

We have allowed for the potential increase in the number of shares and use the 2020 net debt instead while the gross asset valuation is unchanged.

Change in DCF

€ 0.15 vs 0.51 **-70.4%**

We have allowed for the potential increase in the number of shares and changed the sector beta from 0.58 (utilities) - which is way too low as long as the business model has yet to stabilise - to 0.9.



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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.

Call Option

Upside : 55.5%

Target Price (6 months)	€ 0.08
Share Price	€ 0.05
Market Cap. €M	14.6
Price Momentum	GOOD
Extremes 12Months	0.03 ▶ 0.12
Bloomberg	ALEUP FP Equity
Reuters	ALEUP.PA

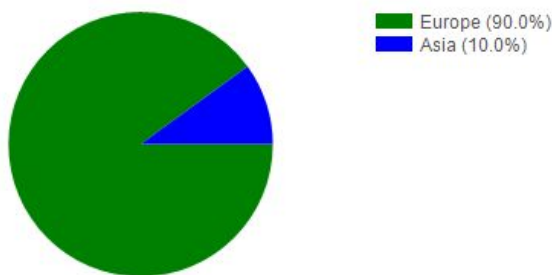

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PERF	1w	1m	3m	12m
Europlasma	45.2%	14.9%	17.4%	-59.9%
Utilities	-0.63%	-0.39%	8.37%	19.4%
SXXR Index	-3.21%	-3.61%	-1.79%	0.69%

Last updated: 05/08/2019	12/17A	12/18E	12/19E	12/20E
Adjusted P/E (x)	-1.66	-2.89	-6.05	9.08
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-6.09	-29.6	24.4	11.2
Adjusted EPS (€)	-0.16	-0.05	-0.01	0.01
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	13,133	14,000	24,560	45,160
Operating margin (%)	-107	-61.6	3.19	23.8
Attributable net profit (€th)	21,820	11,079	-3,742	3,417
ROE (after tax) (%)	232	91.8	68.1	80.7
Gearing (%)				902

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Sales by Geography



Consolidated P&L Accounts

	12/17A	12/18E	12/19E
Sales	€th 13,133	14,000	24,560
Change in sales	% 34.9	6.60	75.4
Change in staff costs	% 0.00	4.55	21.7
EBITDA	€th -8,057	-3,700	6,832
EBITDA(R) margin	% -61.3	-26.4	27.8
Depreciation	€th -2,818	-4,925	-6,050
Underlying operating profit	€th -13,799	-8,625	782
Operating profit (EBIT)	€th -14,096	-8,625	782
Net financial expense	€th -854	-2,500	-4,000
of which related to pensions	€th	0.00	0.00
Exceptional items & other	€th		
Corporate tax	€th 30.0	0.00	0.00
Equity associates	€th -6,900	0.00	0.00
Minority interests	€th 0.00	45.6	-524
Adjusted attributable net profit	€th -21,164	-11,079	-3,742
NOPAT	€th -16,559	-6,038	548

Cashflow Statement

	12/17A	12/18E	12/19E
EBITDA	€th -8,057	-3,700	6,832
Change in WCR	€th 1,667	-848	-1,500
Actual div. received from equity holdi...	€th 0.00	0.00	0.00
Paid taxes	€th 421	0.00	0.00
Exceptional items	€th		
Other operating cash flows	€th -2,200	1,000	1,000
Total operating cash flows	€th -8,169	-3,548	6,332
Capital expenditure	€th -3,100	-7,500	-63,000
Total investment flows	€th -3,800	-8,500	-64,000
Net interest expense	€th -854	-2,500	-4,000
Dividends (parent company)	€th		
Dividends to minorities interests	€th 0.00	0.00	0.00
New shareholders' equity	€th 14,200	6,000	6,000
Total financial flows	€th 12,300	700	40,000
Change in cash position	€th 331	-11,348	-17,668
Free cash flow (pre div.)	€th -12,123	-13,548	-60,668

Per Share Data

	12/17A	12/18E	12/19E
No. of shares net of treas. stock (year...)	Th 152,405	294,000	640,000
Number of diluted shares (average)	Th 132,028	223,203	467,000
Benchmark EPS	€ -0.16	-0.05	-0.01
Restated NAV per share	€		
Net dividend per share	€ 0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.15	35%	● Acciona
NAV/SOTP per share	€ 0.07	20%	● Drax Group
EV/Ebitda	€ 0.02	20%	● Gea Group
P/E	€ 0.03	10%	● Elecnor
Dividend Yield	€ 0.00	10%	● ERG
P/Book	€ 0.02	5%	
TARGET PRICE	€ 0.08	100%	

NAV/SOTP Calculation

Balance Sheet

	12/17A	12/18E	12/19E
Goodwill	€th 8.00	1,000	1,000
Total intangible	€th 201	1,314	1,314
Tangible fixed assets	€th 13,341	51,000	111,000
Financial fixed assets	€th 0.00	8,000	10,000
WCR	€th 1,152	2,000	3,500
Other assets	€th 10,842	4,000	5,000
Total assets (net of short term liab.)	€th 28,299	72,314	136,814
Ordinary shareholders' equity	€th -15,224	-8,909	-2,077
Quasi Equity & Preferred	€th		
Minority interests	€th 31.0	20,000	30,000
Provisions for pensions	€th 573	0.00	0.00
Other provisions for risks and liabilities	€th 8,169	12,000	15,000
Total provisions for risks and liabilities	€th 8,742	12,000	15,000
Tax liabilities	€th 115	-2,000	-2,000
Other liabilities	€th 20,972	16,000	15,000
Net debt (cash)	€th 13,675	35,223	80,891
Total liab. and shareholders' equity	€th 28,311	72,314	136,814

Capital Employed

	12/17A	12/18E	12/19E
Capital employed after depreciation	€th 14,694	62,314	125,814

Profits & Risks Ratios

	12/17A	12/18E	12/19E
ROE (after tax)	% 232	91.8	68.1
ROCE	% -113	-9.69	0.44
Gearing (at book value)	%		
Adj. Net debt/EBITDA(R)	x -1.70	-9.52	11.8
Interest cover (x)	x -16.2	-3.45	0.20

Valuation Ratios

	12/17A	12/18E	12/19E
Reference P/E (benchmark)	x -1.66	-2.89	-6.05
Free cash flow yield	% -29.8	-32.1	-195
P/Book	x -2.67	-4.73	-14.9
Dividend yield	% 0.00	0.00	0.00

EV Calculation

	12/17A	12/18E	12/19E
Market cap	€th 40,657	42,176	31,040
+ Provisions	€th 8,742	12,000	15,000
+ Unrecognised actuarial losses/(gains)	€th 0.00	0.00	0.00
+ Net debt at year end	€th 13,675	35,223	80,891
+ Leases debt equivalent	€th 0.00	0.00	0.00
- Financial fixed assets (fair value)	€th 15,000	0.00	0.00
+ Minority interests (fair value)	€th 1,000	20,000	40,000
= EV	€th 49,074	109,399	166,931
EV/EBITDA(R)	x -6.09	-29.6	24.4
EV/Sales	x 3.74	7.81	6.80

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 05/08/2019.