Drone Volt

Aerosp. & Defence Equipt. / France

Major contracts pushes to the right

Contract execution for a potentially record year - 24/09/2021

Change in DCF

€ 0.37 vs 0.42 -11.4%

Drone Volt has signed major contracts in H1, one firm contract concerning 600 Hercules 2 drones of an estimated real value of \in 2.4m and one flexible contract concerning 500 Hercules 20 drones and 200 Hercules 10 drones of a catalogue value of \in 15m (we estimate a real price of \in 9.5m). Drone Volt is currently ramping -up its production of Hercules 2 drones to honour its firm contract before the second. Its production rate is currently 40 drones a week and it is expected to rise to 60 drones by the end of the year. As its priority is the Hercules 2 contract, we were clearly too optimistic on the fulfilment of the mega contracts involving the Hercules 20 and 10. We are estimating this second contract to represent \in 1m in FY21 vs \in 1.9m previously. While this has not changed our fundamental view as the drones that are not delivered this year would be delivered later on, we have added a degree of caution on the calendar which impacts the DCF.



Romain PIERREDON

aerospacedefence@alphavalue.eu +33 (0) 1 70 61 10 50 cs.alphavalue.com

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 : 80.6%
Target Price (6 months)	€ 0.27
Share Price	€ 0.15
Market Cap. €M	39.5
Price Momentum	NEGATIVE
Extremes 12Months	0.14 🕨 0.39
Bloomberg	ALDRV FP Equity
Reuters	ALDRV.PA
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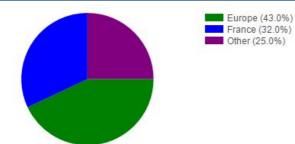


PERF	1w	1m	3m	12m
Drone Volt	-4.29%	4.04%	-15.2%	-53.8%
Aerospace-Defence	3.68%	2.10%	1.37%	57.1%
SXXR Index	0.36%	-0.80%	3.60%	32.8%

Last updated: 24/09/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-3.14	ns	25.1	12.3
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-12.1	-3.49	-3.04	-1.29
Adjusted EPS (€)	-0.05	0.00	0.01	0.01
Growth in EPS (%)	n/a	n/a	n/a	104
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	5,836	11,532	15,806	18,769
Other margin (%)	29.3	46.3	50.8	61.2
Attributable net profit (€th)	-6,393	6,232	1,569	3,256
ROE (after tax) (%)	-47.6	30.3	6.52	12.3
Gearing (%)	8.95	-35.1	-61.9	-62.1
Company Val	luation	- Comp	any Fin	ancials



Sales by Geography



Consolidated P&L Accounts		12/20A	12/21E	12/22E
Sales	€th	5,836	11,532	15,806
Change in sales	%	-17.9	97.6	37.1
Change in staff costs	%	-5.12	5.40	17.0
EBITDA	€th	-2,065	1,078	3,217
EBITDA(R) margin	%	-35.4	9.35	20.4
Depreciation	€th			
Underlying operating profit	€th	-4,189	-1,474	1,784
Operating profit (EBIT)	€th	-8,181	-774	1,491
Net financial expense	€th	-673	-341	-266
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th		6,500	
Corporate tax	€th	2,209	278	-306
Equity associates	€th			
Minority interests	€th	252	569	650
Adjusted attributable net profit	€th	-6,393	-268	1,569
NOPAT	€th	-2,932	-1,032	1,249
Cashflow Statement			-	
EBITDA	€th	-2,065	1,078	3,217
Change in WCR	€th	1,685	245	-62.0
Actual div. received from equity holdi	€th	0.00	0.00	0.00
Paid taxes	€th	2,209	278	-306
Exceptional items	€th			
Other operating cash flows	€th	-991	-286	-225
Total operating cash flows	€th	838	1,315	2,624
Capital expenditure	€th	-1,810	-1,995	-1,955
Total investment flows	€th	-8,992	5,505	-1,955
Net interest expense	€th	-673	-341	-266
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	8,590	6,178	1,000
Total financial flows	€th	13,967	2,537	2,734
Change in cash position	€th	5,812	9,357	3,403
Free cash flow (pre div.)	€th	-1,645	-1,021	403
Per Share Data				
No. of shares net of treas. stock (year	Th	198,523	259,963	264,509
Number of diluted shares (average)	Th	131,321	230,360	263,353
Benchmark EPS	€	-0.05	0.00	0.01
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight
DCF	€ 0.37	35%
NAV/SOTP per share	€ 0.29	20%
EV/Ebitda	€ 0.30	20%
P/E	€ 0.07	10%
Dividend Yield	€ 0.00	10%
P/Book	€ 0.29	5%
TARGET PRICE	€ 0.27	100%

Largest comparables

• KUKA

NAV/SOTP Calculation

Balance Sheet		12/20A	12/21E	12/22E
Goodwill	€th	152	150	149
Total intangible	€th	5,477	5,376	5,554
Tangible fixed assets	€th	743	1,130	1,268
Financial fixed assets	€th			
WCR	€th	1,360	1,115	1,177
Other assets	€th	7,656	7,120	6,622
Total assets (net of short term liab.)	€th	19,985	20,849	21,035
Ordinary shareholders' equity	€th	17,640	23,482	24,663
Quasi Equity & Preferred	€th			
Minority interests	€th	-129	7,100	7,010
Provisions for pensions	€th		0.00	0.00
Other provisions for risks and liabilities	€th	244	281	323
Total provisions for risks and liabilities	€th	244	281	323
Tax liabilities	€th	0.00	0.00	0.00
Other liabilities	€th	4,141	4,555	5,011
Net debt (cash)	€th	-1,911	-14,568	-15,971
Total liab. and shareholders' equity	€th	19,985	20,849	21,035
Capital Employed				
Capital employed after depreciation	€th	7,580	7,621	7,999
Profits & Risks Ratios				
ROE (after tax)	%	-47.6	30.3	6.52
ROE (after tax) ROCE	% %	-47.6 -38.7	30.3 -13.5	6.52 15.6
ROCE	%	-38.7	-13.5	15.6
ROCE Gearing (at book value)	% %	-38.7 8.95	-13.5 -35.1	15.6 -61.9
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R)	% % X	-38.7 8.95 0.93	-13.5 -35.1 -13.5	15.6 -61.9 -4.96
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x)	% % X	-38.7 8.95 0.93	-13.5 -35.1 -13.5	15.6 -61.9 -4.96
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios	% % X X	-38.7 8.95 0.93 -6.22	-13.5 -35.1 -13.5 -4.32	15.6 -61.9 -4.96 6.70
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark)	% % X X X	-38.7 8.95 0.93 -6.22 -3.14	-13.5 -35.1 -13.5 -4.32 ns	15.6 -61.9 -4.96 6.70 25.1
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield	% % X X X X	-38.7 8.95 0.93 -6.22 -3.14 -5.41	-13.5 -35.1 -13.5 -4.32 ns -2.63	15.6 -61.9 -4.96 6.70 25.1 1.02
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book	% % X X X % X	-38.7 8.95 0.93 -6.22 -3.14 -5.41 1.72	-13.5 -35.1 -13.5 -4.32 ns -2.63 1.65	15.6 -61.9 -4.96 6.70 25.1 1.02 1.60
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield	% % X X X % X	-38.7 8.95 0.93 -6.22 -3.14 -5.41 1.72	-13.5 -35.1 -13.5 -4.32 ns -2.63 1.65	15.6 -61.9 -4.96 6.70 25.1 1.02 1.60
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation	% % X X % X %	-38.7 8.95 0.93 -6.22 -3.14 -5.41 1.72 0.00	-13.5 -35.1 -13.5 -4.32 ns -2.63 1.65 0.00	15.6 -61.9 -4.96 6.70 25.1 1.02 1.60 0.00
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap	% % x x % x % x %	-38.7 8.95 0.93 -6.22 -3.14 -5.41 1.72 0.00 30,389	-13.5 -35.1 -13.5 -4.32 ns -2.63 1.65 0.00 38,813	15.6 -61.9 -4.96 6.70 25.1 1.02 1.60 0.00 39,491
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions	% % x x % x % x % €th €th	-38.7 8.95 0.93 -6.22 -3.14 -5.41 1.72 0.00 30,389 244	-13.5 -35.1 -13.5 -4.32 ns -2.63 1.65 0.00 38,813 281	15.6 -61.9 -4.96 6.70 25.1 1.02 1.60 0.00 39,491 323
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains)	% % x x % x % % €th €th	-38.7 8.95 0.93 -6.22 -3.14 -5.41 1.72 0.00 30,389 244 0.00	-13.5 -35.1 -13.5 -4.32 ns -2.63 1.65 0.00 38,813 281 0.00	15.6 -61.9 -4.96 6.70 25.1 1.02 1.60 0.00 39,491 323 0.00
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains) + Net debt at year end	% % x x % x % % €th €th €th	-38.7 8.95 0.93 -6.22 -3.14 -5.41 1.72 0.00 30,389 244 0.00 -2,172	-13.5 -35.1 -13.5 -4.32 ns -2.63 1.65 0.00 38,813 281 0.00 -14,842	15.6 -61.9 -4.96 6.70 25.1 1.02 1.60 0.00 39,491 323 0.00 -16,259
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains) + Net debt at year end + Leases debt equivalent	% % x x % x % % €th €th €th €th	-38.7 8.95 0.93 -6.22 -3.14 -5.41 1.72 0.00 30,389 244 0.00 -2,172 0.00	-13.5 -35.1 -13.5 -4.32 ns -2.63 1.65 0.00 38,813 281 0.00 -14,842 0.00	15.6 -61.9 -4.96 6.70 25.1 1.02 1.60 0.00 39,491 323 0.00 -16,259 0.00
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains) + Net debt at year end + Leases debt equivalent - Financial fixed assets (fair value)	% % x x % x % % €th €th €th €th €th €th	-38.7 8.95 0.93 -6.22 -3.14 -5.41 1.72 0.00 30,389 244 0.00 -2,172 0.00 3,898	-13.5 -35.1 -13.5 -4.32 ns -2.63 1.65 0.00 388,813 281 0.00 -14,842 0.00 6,712	15.6 -61.9 -4.96 6.70 25.1 1.02 1.60 0.00 39,491 323 0.00 -16,259 0.00 12,305
ROCE Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains) + Net debt at year end + Leases debt equivalent - Financial fixed assets (fair value) + Minority interests (fair value)	% % x x % x % % €th €th €th €th €th €th	-38.7 8.95 0.93 -6.22 -3.14 -5.41 1.72 0.00 30,389 244 0.00 -2,172 0.00 3,898 387	-13.5 -35.1 -13.5 -4.32 ns -2.63 1.65 0.00 38,813 281 0.00 -14,842 0.00 6,712 -21,300	15.6 -61.9 -4.96 6.70 25.1 1.02 1.00 0.00 39,491 323 0.00 -16,259 0.00 12,305 -21,030

Analyst : Romain Pierredon, Changes to Forecasts : 24/09/2021.

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