



Europlasma

Alternative Power Sources / France



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Continuing cash drain in 2016 to stop by 2017?

The long(er) path to green energy - 05/11/2016

Change in EPS

2016 : € -0.12 vs -0.06 ns
2017 : € 0.02 vs 0.02 -20.8%

2016 FY earnings now allow for the heavy losses recorded over H1 in the Power business. H2 figures will be in the same vein but suffer on top from a 2-month plant stoppage at the asbestos treatment unit. In all, the expected 2016 loss has been doubled but visibility was extremely weak in the first place. The cash drain is expected to end in 2017 when the first green power production unit is up and working.

Change in NAV

€ 0.62 vs 0.66 -4.90%

Our NAV erodes due to cash consumption. The number of shares allow for all the dilution associated with existing or agreed upon financing.

Change in DCF

€ 0.85 vs 0.89 -4.35%

The DCF is impacted by the cash consumption as well as the delays in cash flow generation from the asbestos treatment unit.

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 : 117%

Target Price (6 months)	€ 0.56
Share Price	€ 0.26
Market Capitalisation €M	18.1
Price Momentum	NEGATIVE
Extremes 12Months	0.25 ▶ 1.07
Newsflow	Neutral
Bloomberg	ALEUP FP Equity
Reuters	ALEUP.PA

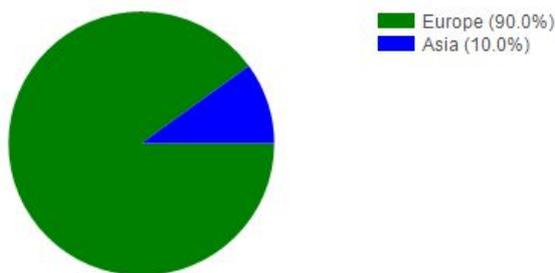
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PERF	1w	1m	3m	12m
Europlasma	-3.70%	-18.8%	-42.2%	-71.4%
Capital Goods	-3.68%	-6.28%	-1.62%	3.02%
SXXR Index	-3.49%	-4.35%	-2.27%	-11.0%

Last updated: 05/11/2016	12/14A	12/15A	12/16E	12/17E
Adjusted P/E (x)	-2.92	-4.33	-2.09	13.2
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-9.72	-8.36	-1.37	-0.71
Adjusted EPS (€)	-0.57	-0.24	-0.12	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	10,909	58,741
Operating margin (%)	ns	-104	-144	5.36
Attributable net profit (€th)	25,902	16,515	12,864	3,078
ROE (after tax) (%)	-270	-171	-113	9.07
Gearing (%)	34.1	28.3	-11.8	-48.0

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

Sales by Geography



Consolidated P&L Accounts

	12/15A	12/16E	12/17E
Sales	€th 14,082	10,909	58,741
Change in sales	% 56.8	-22.5	438
Change in staff costs	% 27.6	0.00	4.76
EBITDA	€th -9,068	-10,324	7,246
EBITDA(R) margin	% -64.4	-94.6	12.3
Depreciation	€th -3,274	-3,975	-3,500
Underlying operating profit	€th -14,754	-15,722	3,146
Operating profit (EBIT)	€th -14,942	-15,722	3,146
Net financial expense	€th -140	-800	-200
of which related to pensions	€th	0.00	0.00
Exceptional items & other	€th		
Corporate tax	€th -1,296	3,658	-408
Equity associates	€th -137	0.00	540
Minority interests	€th 0.00	0.00	0.00
Adjusted attributable net profit	€th -16,515	-12,864	3,078
NOPAT	€th -10,465	-11,005	2,742

Cashflow Statement

	12/15A	12/16E	12/17E
EBITDA	€th -9,068	-10,324	7,246
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	3,658	-408
Exceptional items	€th		
Other operating cash flows	€th 800	1,000	1,000
Total operating cash flows	€th -12,151	-4,805	7,338
Capital expenditure	€th -2,275	-2,200	-2,400
Total investment flows	€th -2,275	-8,200	-8,400
Net interest expense	€th -140	-800	-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	28,200	22,800
Change in cash position	€th -6,869	15,195	21,738
Free cash flow (pre div.)	€th -14,566	-7,805	4,738

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
Benchmark EPS	€ -0.24	-0.12	0.02
Restated NAV per share	€		
Net dividend per share	€ 0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.85	35%	■ Gea Group
NAV/SOTP per share	€ 0.62	20%	■ Suez
EV/Ebitda	€ 0.51	20%	■ Elecnor
P/E	€ 0.13	10%	■ ERG
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.52	5%	
TARGET PRICE	€ 0.56	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
Ordinary shareholders' equity	€th 2,495	20,200	47,637
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
Net debt (cash)	€th 5,709	-10,486	-35,223
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
ROE (after tax)	% -171	-113	9.07
ROCE	% -53.6	-50.5	9.97
Gearing (at book value)	% 28.3	-11.8	-48.0
Adj. Net debt/EBITDA(R)	x -0.63	1.02	-4.86
Interest cover (x)	x -105	-19.7	15.7

Valuation Ratios

	12/15A	12/16E	12/17E
Reference P/E (benchmark)	x -4.33	-2.09	13.2
Free cash flow yield	% -20.3	-30.4	13.9
P/Book	x 28.8	1.27	0.72
Dividend yield	% 0.00	0.00	0.00

EV Calculation

	12/15A	12/16E	12/17E
Market cap	€th 71,886	25,649	34,099
+ 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	-10,486	-35,223
+ 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	14,163	-5,124
EV/EBITDA(R)	x -8.36	-1.37	-0.71
EV/Sales	x 5.38	1.30	-0.09

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 05/11/2016.