



Ecoslops

Other Energies / France

A clearer roadmap ahead

The cleantech making oil residues green - 17/04/2019

Change in Target Price

€ 24.8 vs 24.3	+1.97%
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The target price saw a slight improvement given that the lower valuation on a DCF basis (mainly explained by a revision on the expected profitability of the refining units as well as a 6-month delay to the Antwerp entry into operation), was more than offset by an increased valuation on a NAV/SOTP basis; since the need for a capital increase in the near future has been discarded thanks to the €18m funding approved by the EIB earlier this year.

Change in EPS

2019 : € -0.20 vs 0.04	ns
2020 : € -0.26 vs 0.52	ns

EPS estimates for 2019 were revised downwards according to the company's guidance. Meanwhile, 2020 EPS saw a considerable reduction given: 1) the later-than-expected entry into operation of the Antwerp refining unit (pushed from H2 20 to H1 21) as the company aims to kick-off the technical studies in mid-2019, 2) a revision in EBITDA and gross margins expected for the Sines and Marseille refining units according to management's guidance, and 3) a slower roll-out of the Mini-P2R units, with the company aiming to test the first prototype at a client's facility in H1 20.

Change in NAV

€ 36.7 vs 32.6	+12.5%
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Our assumption for a possible capital increase in the near future has been dismissed after the approval of an €18m funding from the European Investment Bank in February 2019. The loan will provide Ecoslops with sufficient resources to fund projects in the near future. As such, the impact on the NAV/SOTP valuation from dilution stemming from a capital increase has been ruled out.

Change in DCF

€ 22.7 vs 25.6	-11.5%
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The DCF is impacted by a 6-month push-back of the Antwerp refining unit (from H2 20 to H1 21), a slower than expected roll-out of the Mini-P2R units, as well as an adjustment on our profitability assumptions for the Sines site (and expected performance of the Marseille unit) based on management's guidance.



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AlphaValue is contracted by Ecoslops to provide equity research on Ecoslops, using AlphaValue's unique and transparent methods and procedures. Target price and opinion are thus exclusively determined by those methods and procedures.

Buy Upside : 77.5%

Target Price (6 months)	€ 24.8
Share Price	€ 14.0
Market Cap. €M	61.4
Price Momentum	STRONG
Extremes 12Months	9.90 ▶ 16.5
Bloomberg	ALESA FP Equity
Reuters	ALESA.PA

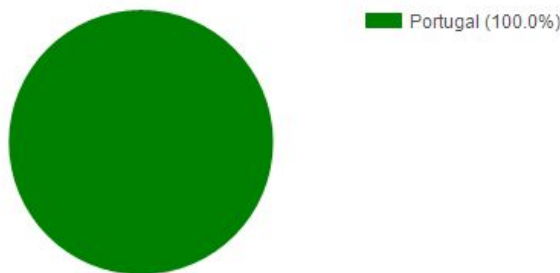

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PERF	1w	1m	3m	12m
Ecoslops	-1.76%	0.00%	26.2%	3.33%
Oils	-0.92%	1.69%	8.44%	10.9%
SXXR Index	1.06%	2.59%	12.0%	6.08%

Last updated: 17/04/2019	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	-38.1	ns	ns	29.9
Dividend yield (%)	0.00	0.00	0.00	1.43
EV/EBITDA(R) (x)	ns	ns	32.9	14.4
Adjusted EPS (€)	-0.35	-0.20	-0.26	0.47
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.20
Sales (€th)	7,465	10,849	17,520	35,406
EBITDA/R margin (%)	-5.09	6.53	14.6	21.5
Attributable net profit (€th)	-1,545	-896	-1,144	2,058
ROE (after tax) (%)	-7.05	-4.03	-4.65	7.30
Gearing (%)	8.58	44.1	72.3	96.9

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Sales by Geography



Consolidated P&L Accounts

	12/18A	12/19E	12/20E
Sales	€th 7,465	10,849	17,520
Change in sales	% 22.8	45.3	61.5
Change in staff costs	% -4.42	1.96	48.1
EBITDA	€th -380	709	2,554
EBITDA(R) margin	% -5.09	6.53	14.6
Depreciation	€th -1,243	-1,460	-2,956
Underlying operating profit	€th -1,623	-751	-403
Operating profit (EBIT)	€th -1,623	-751	-403
Net financial expense	€th -288	-637	-1,234
of which related to pensions	€th	0.00	0.00
Exceptional items & other	€th 36.0	0.00	0.00
Corporate tax	€th 330	492	492
Equity associates	€th 0.00	0.00	0.00
Minority interests	€th 0.00	0.00	0.00
Adjusted attributable net profit	€th -1,545	-896	-1,144
NOPAT	€th -1,136	-526	-282

Cashflow Statement

	12/18A	12/19E	12/20E
EBITDA	€th -380	709	2,554
Change in WCR	€th -906	-205	-1,146
Actual div. received from equity holdi...	€th 0.00	0.00	0.00
Paid taxes	€th 0.00	492	492
Exceptional items	€th 0.00	0.00	0.00
Other operating cash flows	€th 0.00	-11.3	0.00
Total operating cash flows	€th -1,286	984	1,900
Capital expenditure	€th -2,644	-14,922	-12,372
Total investment flows	€th -2,644	-14,922	-12,372
Net interest expense	€th -288	-637	-1,234
Dividends (parent company)	€th 0.00	0.00	0.00
Dividends to minorities interests	€th 0.00	0.00	0.00
New shareholders' equity	€th 2,300	35.1	6,335
Total financial flows	€th 2,654	9,113	25,467
Change in cash position	€th -1,276	-4,825	14,995
Free cash flow (pre div.)	€th -4,218	-14,575	-11,705

Per Share Data

	12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...	Th 4,400	4,403	4,409
Number of diluted shares (average)	Th 4,426	4,402	4,406
Benchmark EPS	€ -0.35	-0.20	-0.26
Restated NAV per share	€		
Net dividend per share	€ 0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 22.7	40%	<ul style="list-style-type: none"> ● Neste ■ Galp Energia ● Saras ■ Hellenic Petroleum ● Acciona
NAV/SOTP per share	€ 36.7	40%	
P/E	€ 6.98	5%	
EV/Ebitda	€ 0.00	5%	
P/Book	€ 13.6	5%	
Dividend Yield	€ 0.00	5%	
TARGET PRICE	€ 24.8	100%	

NAV/SOTP Calculation

Balance Sheet

	12/18A	12/19E	12/20E
Goodwill	€th 0.00	0.00	0.00
Total intangible	€th 374	374	374
Tangible fixed assets	€th 18,479	31,958	41,374
Financial fixed assets	€th 0.00	0.00	0.00
WCR	€th 1,494	1,699	2,845
Other assets	€th 3,587	3,587	3,587
Total assets (net of short term liab.)	€th 26,184	39,869	50,430
Ordinary shareholders' equity	€th 22,418	22,009	27,200
Quasi Equity & Preferred	€th 0.00	0.00	0.00
Minority interests	€th 0.00	0.00	0.00
Provisions for pensions	€th	0.00	0.00
Other provisions for risks and liabilities	€th 21.0	187	187
Total provisions for risks and liabilities	€th 21.0	187	187
Tax liabilities	€th 0.00	0.00	0.00
Other liabilities	€th 1,316	705	705
Net debt (cash)	€th 2,429	16,969	22,339
Total liab. and shareholders' equity	€th 26,184	39,869	50,430

Capital Employed

	12/18A	12/19E	12/20E
Capital employed after depreciation	€th 20,347	34,032	44,593

Profits & Risks Ratios

		12/18A	12/19E	12/20E
ROE (after tax)	%	-7.05	-4.03	-4.65
ROCE	%	-5.58	-1.55	-0.63
Gearing (at book value)	%	8.58	44.1	72.3
Adj. Net debt/EBITDA(R)	x	-6.39	23.9	8.75
Interest cover (x)	x	-5.64	-1.18	-0.33

Valuation Ratios

		12/18A	12/19E	12/20E
Reference P/E (benchmark)	x	-38.1	ns	ns
Free cash flow yield	%	-7.21	-23.7	-19.0
P/Book	x	2.61	2.79	2.26
Dividend yield	%	0.00	0.00	0.00

EV Calculation

	12/18A	12/19E	12/20E	
Market cap	€th 58,468	61,418	61,503	
+ Provisions	€th 21.0	187	187	
+ Unrecognised actuarial losses/(gains)	€th 0.00	0.00	0.00	
+ Net debt at year end	€th 2,429	16,969	22,339	
+ Leases debt equivalent	€th 0.00	0.00	0.00	
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th 60,918	78,574	84,029	
EV/EBITDA(R)	x	ns	ns	32.9
EV/Sales	x	8.16	7.24	4.80

Analyst : Jorge Velandia, Changes to Forecasts : 17/04/2019.