



# dsw

Engineering-Heavy Constr. / France

## Working on an integrated offer in new energies

17/10/2019

### Change in EPS

2019 : € -0.12 vs -0.08	ns
2020 : € -0.15 vs -0.10	ns

We have updated our model to account for the slower growth in oil & gas. As highlighted by the trading update, the volatility in oil prices are affecting operators in their investment decisions. We therefore take a more cautious stance for 2019-20, with now a gradual recovery (2019 flat yoy / 2020 +8% yoy). Note that, for 2019, we forecast sales stemming from the Services (2019: €2.70m) and Factorig (2019: €4.50m) divisions. As engineering projects are less recurring, we forecast revenues in the Solutions and Contracting divisions receding in 2020 (€0.20m in 2020).

### Change in NAV

€ 4.13 vs 4.34	-4.77%
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The NAV is impacted as we now evaluate the Contracting/Solutions divisions at €0.5m vs €2m to take into account the less predictable engineering projects.

### Change in DCF

€ 3.37 vs 3.71	-9.26%
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The DCF is impacted by the slower growth expected in 2019-20 (see comments above). Our long-term assumptions remain (+4% growth).



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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

<b>Buy</b>	<b>Upside : 155%</b>
Target Price (6 months)	€ 2.07
Share Price	€ 0.81
Market Cap. €M	5.15
Price Momentum	<b>NEGATIVE</b>
Extremes 12Months	0.73 ▶ 1.38
Bloomberg	ALDIE FP Equity
Reuters	ALDIE.PA

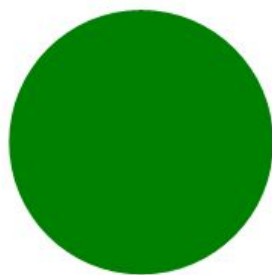

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PERF	1w	1m	3m	12m
Dietswell	-14.7%	-22.5%	-23.6%	-10.0%
Capital Goods	4.50%	-0.73%	0.77%	9.66%
SXXR Index	3.50%	1.13%	1.61%	11.0%

Last updated: 17/10/2019	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	-18.8	-6.75	-5.32	-23.2
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	ns	-19.1	11.9	9.31
Adjusted EPS (€)	-0.05	-0.12	-0.15	-0.03
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	7,149	7,200	8,875	21,875
EBIT margin (%)	10.7	-7.68	8.24	9.79
Attributable net profit (€th)	-282	-764	-1,007	-244
ROE (after tax) (%)	-7.64	-21.6	-305	10.2
Gearing (%)	25.8	43.6		

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## Sales by Geography



Other (100.0%)

## Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	€th	7,149	7,200	8,875
Change in sales	%	5.54	0.71	23.3
Change in staff costs	%	4.85	-9.98	4.27
EBITDA	€th	21.3	-363	1,003
<b>EBITDA(R) margin</b>	%	<b>0.30</b>	<b>-5.05</b>	<b>11.3</b>
Depreciation	€th			
Underlying operating profit	€th	-273	-713	619
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-250</b>	<b>-713</b>	<b>175</b>
Net financial expense	€th	-29.3	-50.5	-948
of which related to pensions	€th		-5.70	-7.02
Exceptional items & other	€th	0.00	0.00	0.00
Corporate tax	€th	-2.45	0.00	-234
Equity associates	€th			
Minority interests	€th			
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-282</b>	<b>-764</b>	<b>-1,007</b>
NOPAT	€th	-175	-495	127

## Cashflow Statement

		12/18A	12/19E	12/20E
EBITDA	€th	21.3	-363	1,003
Change in WCR	€th	-144	784	590
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	-2.45	0.00	-234
Exceptional items	€th			
Other operating cash flows	€th	207		
Total operating cash flows	€th	82.0	421	1,359
Capital expenditure	€th	-1,313	-500	-500
Total investment flows	€th	-1,449	-500	-5,500
Net interest expense	€th	-29.3	-50.5	-948
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	1,061	0.00	250
Total financial flows	€th	1,743	213	6,130
Change in cash position	€th	377	134	1,989
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>-1,260</b>	<b>-130</b>	<b>-88.6</b>

## Per Share Data

		12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...	Th	6,364	6,364	6,614
Number of diluted shares (average)	Th	5,834	6,364	6,614
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.05</b>	<b>-0.12</b>	<b>-0.15</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 3.37	35%	● TechnipFMC
NAV/SOTP per share	€ 4.13	20%	■ Saipem
EV/Ebitda	€ 0.00	20%	■ Elecnor
P/E	€ 0.41	10%	■ Ecoslops
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.41	5%	
TARGET PRICE	€ 2.07	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/18A	12/19E	12/20E
Goodwill	€th			
Total intangible	€th	2,942	3,092	3,207
Tangible fixed assets	€th	1,136	1,136	1,136
Financial fixed assets	€th			
WCR	€th	2,192	1,408	818
Other assets	€th	188	182	182
Total assets (net of short term liab.)	€th	6,655	6,016	5,542
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>4,076</b>	<b>2,985</b>	<b>-2,326</b>
Quasi Equity & Preferred	€th			
Minority interests	€th		0.00	0.00
Provisions for pensions	€th		328	333
Other provisions for risks and liabilities	€th	83.4	83.4	83.4
Total provisions for risks and liabilities	€th	83.4	411	416
Tax liabilities	€th	1,225	1,225	1,225
Other liabilities	€th	31.2	31.2	31.2
<b>Net debt (cash)</b>	<b>€th</b>	<b>1,239</b>	<b>1,363</b>	<b>6,195</b>
Total liab. and shareholders' equity	€th	6,655	6,016	5,542

## Capital Employed

		12/18A	12/19E	12/20E
Capital employed after depreciation	€th	6,269	5,636	5,161

## Profits & Risks Ratios

		12/18A	12/19E	12/20E
<b>ROE (after tax)</b>	%	<b>-7.64</b>	<b>-21.6</b>	<b>-305</b>
ROCE	%	-2.79	-8.79	2.47
<b>Gearing (at book value)</b>	%	<b>25.8</b>	<b>43.6</b>	
Adj. Net debt/EBITDA(R)	x	58.3	-3.75	6.18
Interest cover (x)	x	-9.34	-15.9	0.66

## Valuation Ratios

		12/18A	12/19E	12/20E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-18.8</b>	<b>-6.75</b>	<b>-5.32</b>
Free cash flow yield	%	-21.8	-2.51	-1.65
P/Book	x	1.42	1.73	-2.30
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/18A	12/19E	12/20E
Market cap	€th	5,784	5,155	5,357
+ Provisions	€th	83.4	411	416
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	1,239	1,363	6,195
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	7,107	6,929	11,968
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>ns</b>	<b>-19.1</b>	<b>11.9</b>
EV/Sales	x	0.99	0.96	1.35

Analyst : Kevin Vo, Changes to Forecasts : 17/10/2019.