# **Drone Volt**

Aerosp. & Defence Equipt. / France

# From product to service.

05/04/2023

# Change in Opinion

|               |                         | Add vs Buy |
|---------------|-------------------------|------------|
| Change in EPS |                         |            |
|               | 2022 : € -0.05 vs -0.01 | ns         |
|               | 2023 : € 0.00 vs -0.01  | ns         |

The downgrade to our EPS FY22 reflects the kitchen sinking of the business associated with Aquiline amortization of all receivables, as well as 2/3rd of the Aquiline Drone shares ( $\in$ 1.7m), which led to a net result of - $\notin$ 26m far below our estimates (- $\notin$ 3.4m). Forward looking, our eps forecasts reflect breakeven at the Ebit level from 2024.

#### Change in NAV

€ 0.07 vs 0.12 -39.9%

The drop in the NAV valuation comes mainly from writing down the value of the 10% stake in Aquiline to zero from  $\leq 8.5$ m. We also assume that the 50% in Aerialtronics is likely to be worth 50% less than the valuation booked when 50% was sold to Aquiline. The distribution segment valuation has been raised to  $\leq 21$ m.

## Change in DCF

€ 0.03 vs 0.03 -22.3%

The FCF has taken a hit as the FY 2022 confirmed that the Aquiline contract had in effect been cancelled to be (hopefully) replaced by a less ambitious commercial agreement. Still, the unexpected €20m+ order for the distribution segment will be a backstop for 2023. Distribution may become a driver for the coming years, along with the new business of Drone as a Service, which books record margins (80?).



#### Mickael DAPONTE

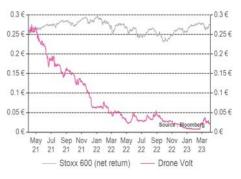
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| Add                     | Upside : 22.9%  |
|-------------------------|-----------------|
| Target Price (6 months) | € 0.03          |
| Share Price             | € 0.02          |
| Market Cap. €M          | 13.2            |
| Price Momentum          | GOOD            |
| Extremes 12Months       | 0.01 🕨 0.05     |
| Bloomberg               | ALDRV FP Equity |
| Reuters                 | ALDRV.PA        |
|                         |                 |





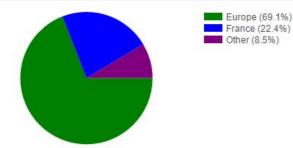


| PERF              | 1 w    | 1m     | 3m    | 12m    |
|-------------------|--------|--------|-------|--------|
| Drone Volt        | -28.4% | -11.7% | 126%  | -58.3% |
| Aerospace-Defence | 2.34%  | 2.24%  | 15.3% | 23.9%  |
| SXXR Index        | 2.99%  | -1.14% | 4.52% | 1.55%  |

| Last updated: 05/04/2023      | 12/21A | 12/22E      | 12/23E  | 12/24E  |
|-------------------------------|--------|-------------|---------|---------|
| Adjusted P/E (x)              | ns     | -0.72       | -4.69   | -16.5   |
| Dividend yield (%)            | 0.00   | 0.00        | 0.00    | 0.00    |
| EV/EBITDA(R) (x)              | -86.6  | -8.53       | -17.6   | 23.7    |
| Adjusted EPS (€)              | 0.00   | -0.05       | 0.00    | 0.00    |
| Growth in EPS (%)             | n/a    | n/a         | n/a     | n/a     |
| Dividend (€)                  | 0.00   | 0.00        | 0.00    | 0.00    |
| Sales (€th)                   | 8,617  | 13,736      | 29,000  | 31,516  |
| Other margin (%)              | 48.9   | 20.1        | 16.5    | 21.2    |
| Attributable net profit (€th) | 5,551  | -<br>26,358 | -2,511  | -794    |
| ROE (after tax) (%)           | 19.5   | -96.7       | -16.7   | -5.83   |
| Gearing (%)                   | -6.87  | 2.98        | 24.0    | 22.5    |
| Company Val                   | uation | - Comp      | any Fin | ancials |



### Sales by Geography



| Consolidated P&L Accounts               |     | 12/21A  | 12/22E  | 12/23E  |
|---|-----|---------|---------|---------|
| Sales                                   | €th | 8,617   | 13,736  | 29,000  |
| Change in sales                         | %   | 47.7    | 59.4    | 111     |
| Change in staff costs                   | %   | -9.54   | 61.1    | 2.00    |
| EBITDA                                  | €th | -808    | -3,023  | -1,072  |
| EBITDA(R) margin                        | %   | -9.38   | -22.0   | -3.70   |
| Depreciation                            | €th |         |         |         |
| Underlying operating profit             | €th | -3,115  | -5,184  | -3,344  |
| Operating profit (EBIT)                 | €th | -2,705  | -22,263 | -3,130  |
| Net financial expense                   | €th | 172     | -108    | -201    |
| of which related to pensions            | €th |         | 0.00    | 0.00    |
| Exceptional items & other               | €th | 6,630   |         |         |
| Corporate tax                           | €th | 1,276   | -4,174  | 624     |
| Equity associates                       | €th |         |         |         |
| Minority interests                      | €th | 178     | 187     | 196     |
| Adjusted attributable net profit        | €th | -1,079  | -22,158 | -2,511  |
| NOPAT                                   | €th | -2,336  | -3,888  | -2,508  |
| Cashflow Statement                      |     |         |         |         |
| EBITDA                                  | €th | -808    | -3,023  | -1,072  |
| Change in WCR                           | €th | -5,747  | 712     | 1,039   |
| Actual div. received from equity holdi  | €th | 0.00    | 0.00    | 0.00    |
| Paid taxes                              | €th | 1,532   | -4,174  | 624     |
| Exceptional items                       | €th |         |         |         |
| Other operating cash flows              | €th | -763    | 100     | 100     |
| Total operating cash flows              | €th | -5,786  | -6,385  | 691     |
| Capital expenditure                     | €th | -3,067  | -3,159  | -2,527  |
| Total investment flows                  | €th | -7,359  | -1,359  | 1,223   |
| Net interest expense                    | €th | 172     | -108    | -201    |
| Dividends (parent company)              | €th |         |         |         |
| Dividends to minorities interests       | €th | 0.00    | 0.00    | 0.00    |
| New shareholders' equity                | €th | 13,206  | 0.00    | 0.00    |
| Total financial flows                   | €th | 13,311  | 856     | 199     |
| Change in cash position                 | €th | 167     | -6,888  | 2,112   |
| Free cash flow (pre div.)               | €th | -8,681  | -9,652  | -2,038  |
| Per Share Data                          |     |         |         |         |
| No. of shares net of treas. stock (year | Th  | 365,758 | 491,308 | 616,465 |
| Number of diluted shares (average)      | Th  | 283,258 | 429,650 | 555,004 |
| Benchmark EPS                           | €   | 0.00    | -0.05   | 0.00    |
| Restated NAV per share                  | €   |         |         |         |
|   |     |         |         |         |

€

Net dividend per share

0.00

0.00

0.00

#### **Valuation Summary**

| Benchmarks         | Value  | Weight |
|--------------------|--------|--------|
| DCF                | € 0.03 | 35%    |
| NAV/SOTP per share | € 0.07 | 20%    |
| EV/Ebitda          | € 0.00 | 20%    |
| P/E                | € 0.01 | 10%    |
| Dividend Yield     | € 0.00 | 10%    |
| P/Book             | € 0.04 | 5%     |
| TARGET PRICE       | € 0.03 | 100%   |
|                    |        |        |

NAV/SOTP Calculation

Largest comparables

| Balance Sheet  |   | 12/21A   | 12/22E   | 12/23E   |
|--|---|--|--|--|
| Goodwill   | €th   | 152  | 166  | 164  |
| Total intangible   | €th   | 6,371  | 6,913  | 7,143  |
| Tangible fixed assets  | €th   | 923  | 1,006  | 1,036  |
| Financial fixed assets   | €th   |  |  |  |
| WCR  | €th   | 4,085  | 3,373  | 2,334  |
| Other assets   | €th   | 7,850  | 2,497  | 2,572  |
| Total assets (net of short term liab.)   | €th   | 35,751   | 20,621   | 18,427   |
| Ordinary shareholders' equity  | €th   | 39,151   | 15,375   | 14,676   |
| Quasi Equity & Preferred   | €th   |  |  |  |
| Minority interests   | €th   | -1,155   | -1,143   | -1,132   |
| Provisions for pensions  | €th   |  | 0.00   | 0.00   |
| Other provisions for risks and liabilities   | €th   | 101  | 105  | 121  |
| Total provisions for risks and liabilities   | €th   | 101  | 105  | 121  |
| Tax liabilities  | €th   | 0.00   | 0.00   | 0.00   |
| Other liabilities  | €th   | 1,122  | 1,900  | 2,090  |
| Net debt (cash)  | €th   | -3,468   | 4,384  | 2,672  |
| Total liab. and shareholders' equity   | €th   | 35,751   | 20,621   | 18,427   |
| Capital Employed   |   |  |  |  |
| Capital employed after depreciation  | €th   | 11,379   | 11,292   | 10,513   |
| Profits & Risks Ratios   |   |  |  |  |
| ROE (after tax)  | %   | 19.5   | -96.7  | -16.7  |
| ROCE   | 0/  | 00 5   |  |  |
| ROCE   | %   | -20.5  | -34.4  | -23.9  |
| Gearing (at book value)  | %   | -20.5<br>-6.87   | -34.4<br><b>2.98</b>   | -23.9<br><b>24.0</b>   |
|  |   |  |  |  |
| Gearing (at book value)  | %   | -6.87  | 2.98   | 24.0   |
| Gearing (at book value)<br>Adj. Net debt/EBITDA(R)   | %<br>X  | <b>-6.87</b><br>4.29   | <b>2.98</b><br>-1.45   | <b>24.0</b><br>-2.49   |
| Gearing (at book value)<br>Adj. Net debt/EBITDA(R)<br>Interest cover (x)<br>Valuation Ratios   | %<br>X  | <b>-6.87</b><br>4.29   | <b>2.98</b><br>-1.45   | <b>24.0</b><br>-2.49   |
| Gearing (at book value)<br>Adj. Net debt/EBITDA(R)<br>Interest cover (x)   | %<br>X<br>X   | <b>-6.87</b><br>4.29<br>18.1   | <b>2.98</b><br>-1.45<br>-48.0  | <b>24.0</b><br>-2.49<br>-16.6  |
| Gearing (at book value)<br>Adj. Net debt/EBITDA(R)<br>Interest cover (x)<br>Valuation Ratios<br>Reference P/E (benchmark)  | %<br>X<br>X<br>X  | -6.87<br>4.29<br>18.1<br>ns  | <b>2.98</b><br>-1.45<br>-48.0<br><b>-0.72</b>  | <b>24.0</b><br>-2.49<br>-16.6<br><b>-4.69</b>  |
| Gearing (at book value)         Adj. Net debt/EBITDA(R)         Interest cover (x)         Valuation Ratios         Reference P/E (benchmark)         Free cash flow yield   | %<br>X<br>X<br>X<br>X   | -6.87<br>4.29<br>18.1<br>ns<br>-12.4   | <b>2.98</b><br>-1.45<br>-48.0<br><b>-0.72</b><br>-52.7   | <b>24.0</b><br>-2.49<br>-16.6<br><b>-4.69</b><br>-15.6   |
| Gearing (at book value)<br>Adj. Net debt/EBITDA(R)<br>Interest cover (x)<br>Valuation Ratios<br>Reference P/E (benchmark)<br>Free cash flow yield<br>P/Book  | %<br>X<br>X<br>X<br>%<br>X  | -6.87<br>4.29<br>18.1<br>-12.4<br>1.79   | <b>2.98</b><br>-1.45<br>-48.0<br><b>-0.72</b><br>-52.7<br>1.19   | <b>24.0</b><br>-2.49<br>-16.6<br><b>-4.69</b><br>-15.6<br>0.89   |
| 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   | %<br>X<br>X<br>X<br>%<br>X  | -6.87<br>4.29<br>18.1<br>-12.4<br>1.79   | <b>2.98</b><br>-1.45<br>-48.0<br><b>-0.72</b><br>-52.7<br>1.19   | <b>24.0</b><br>-2.49<br>-16.6<br><b>-4.69</b><br>-15.6<br>0.89   |
| 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 X X X X X X X X X X X   | -6.87<br>4.29<br>18.1<br>-12.4<br>1.79<br>0.00   | 2.98<br>-1.45<br>-48.0<br>-0.72<br>-52.7<br>1.19<br>0.00   | 24.0<br>-2.49<br>-16.6<br>-4.69<br>-15.6<br>0.89<br>0.00   |
| 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   | %<br>x<br>x<br>x<br>%<br>x<br>%<br>x<br>%   | -6.87<br>4.29<br>18.1<br>.12.4<br>1.79<br>0.00<br>70,109   | 2.98<br>-1.45<br>-48.0<br>-0.72<br>-52.7<br>1.19<br>0.00<br>18,306   | 24.0<br>-2.49<br>-16.6<br>-4.69<br>-15.6<br>0.89<br>0.00<br>13,069   |
| 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  | %<br>x<br>x<br>x<br>%<br>x<br>%<br>x<br>%<br>€th<br>€th   | -6.87<br>4.29<br>18.1<br>.12.4<br>1.79<br>0.00<br>70,109<br>101  | 2.98<br>-1.45<br>-48.0<br>-0.72<br>-52.7<br>1.19<br>0.00<br>18,306<br>105  | 24.0<br>-2.49<br>-16.6<br>-4.69<br>-15.6<br>0.89<br>0.00<br>13,069<br>121  |
| 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)   | %<br>x<br>x<br>%<br>x<br>%<br>x<br>%<br>€th<br>€th  | -6.87<br>4.29<br>18.1<br>.12.4<br>1.79<br>0.00<br>70,109<br>101<br>0.00                                    | 2.98<br>-1.45<br>-48.0<br>-0.72<br>-52.7<br>1.19<br>0.00<br>18,306<br>105<br>0.00                                  | 24.0<br>-2.49<br>-16.6<br>-4.69<br>-15.6<br>0.89<br>0.00<br>13,069<br>121<br>0.00                                  |
| 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  | %<br>x<br>x<br>%<br>x<br>%<br>x<br>%<br>€th<br>€th<br>€th   | -6.87<br>4.29<br>18.1<br>.12.4<br>1.79<br>0.00<br>70,109<br>101<br>0.00<br>-3,659                          | 2.98<br>-1.45<br>-48.0<br>-0.72<br>-52.7<br>1.19<br>0.00<br>18,306<br>105<br>0.00<br>4,183                         | 24.0<br>-2.49<br>-16.6<br>-4.69<br>-15.6<br>0.89<br>0.00<br>13,069<br>121<br>0.00<br>2,461                         |
| 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           %           x           %           x           %           th           €th           €th           €th           €th           €th           €th                                  | -6.87<br>4.29<br>18.1<br>.12.4<br>1.79<br>0.00<br>70,109<br>101<br>0.00<br>-3,659<br>0.00                  | 2.98<br>-1.45<br>-48.0<br>-0.72<br>-52.7<br>1.19<br>0.00<br>18,306<br>105<br>0.00<br>4,183<br>0.00                 | 24.0<br>-2.49<br>-16.6<br>-4.69<br>-15.6<br>0.89<br>0.00<br>13,069<br>121<br>0.00<br>2,461<br>0.00                 |
| 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)   | %<br>x<br>x<br>%<br>x<br>%<br>x<br>%<br>€th<br>€th<br>€th<br>€th<br>€th   | -6.87<br>4.29<br>18.1<br>.12.4<br>1.79<br>0.00<br>70,109<br>101<br>0.00<br>-3,659<br>0.00<br>44.0          | 2.98<br>-1.45<br>-48.0<br>-0.72<br>-52.7<br>1.19<br>0.00<br>18,306<br>105<br>0.00<br>4,183<br>0.00<br>242          | 24.0<br>-2.49<br>-16.6<br>-4.69<br>-15.6<br>0.89<br>0.00<br>13,069<br>121<br>0.00<br>2,461<br>0.00<br>2,461        |
| 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           %           x           %           £th           €th           €th           €th           €th           €th           €th           €th           €th           €th           €th | -6.87<br>4.29<br>18.1<br>-12.4<br>1.79<br>0.00<br>70,109<br>101<br>0.00<br>-3,659<br>0.00<br>44.0<br>3,465 | 2.98<br>-1.45<br>-48.0<br>-0.72<br>-52.7<br>1.19<br>0.00<br>18,306<br>105<br>0.00<br>4,183<br>0.00<br>242<br>3,430 | 24.0<br>-2.49<br>-16.6<br>-4.69<br>-15.6<br>0.89<br>0.00<br>13,069<br>121<br>0.00<br>2,461<br>0.00<br>208<br>3,430 |

Analyst : Mickael Daponte, Changes to Forecasts : 05/04/2023.

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