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 ≤ 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 ≤ 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

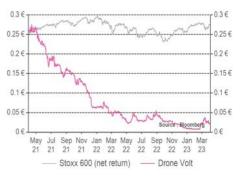
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This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

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





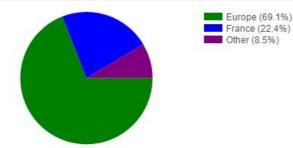


PERF	1 w	1m	3m	12m
Drone Volt	-28.4%	-11.7%	126%	-58.3%
Aerospace-Defence	2.34%	2.24%	15.3%	23.9%
SXXR Index	2.99%	-1.14%	4.52%	1.55%

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	- 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 -6.87	-34.4 2.98	-23.9 24.0
Gearing (at book value)	%	-6.87	2.98	24.0
Gearing (at book value) Adj. Net debt/EBITDA(R)	% X	-6.87 4.29	2.98 -1.45	24.0 -2.49
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios	% X	-6.87 4.29	2.98 -1.45	24.0 -2.49
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x)	% X X	-6.87 4.29 18.1	2.98 -1.45 -48.0	24.0 -2.49 -16.6
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark)	% X X X	-6.87 4.29 18.1 ns	2.98 -1.45 -48.0 -0.72	24.0 -2.49 -16.6 -4.69
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	-6.87 4.29 18.1 ns -12.4	2.98 -1.45 -48.0 -0.72 -52.7	24.0 -2.49 -16.6 -4.69 -15.6
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	-6.87 4.29 18.1 -12.4 1.79	2.98 -1.45 -48.0 -0.72 -52.7 1.19	24.0 -2.49 -16.6 -4.69 -15.6 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	% X X X % X	-6.87 4.29 18.1 -12.4 1.79	2.98 -1.45 -48.0 -0.72 -52.7 1.19	24.0 -2.49 -16.6 -4.69 -15.6 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 4.29 18.1 -12.4 1.79 0.00	2.98 -1.45 -48.0 -0.72 -52.7 1.19 0.00	24.0 -2.49 -16.6 -4.69 -15.6 0.89 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	% x x x % x % x %	-6.87 4.29 18.1 .12.4 1.79 0.00 70,109	2.98 -1.45 -48.0 -0.72 -52.7 1.19 0.00 18,306	24.0 -2.49 -16.6 -4.69 -15.6 0.89 0.00 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	% x x x % x % x % €th €th	-6.87 4.29 18.1 .12.4 1.79 0.00 70,109 101	2.98 -1.45 -48.0 -0.72 -52.7 1.19 0.00 18,306 105	24.0 -2.49 -16.6 -4.69 -15.6 0.89 0.00 13,069 121
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)	% x x % x % x % €th €th	-6.87 4.29 18.1 .12.4 1.79 0.00 70,109 101 0.00	2.98 -1.45 -48.0 -0.72 -52.7 1.19 0.00 18,306 105 0.00	24.0 -2.49 -16.6 -4.69 -15.6 0.89 0.00 13,069 121 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	% x x % x % x % €th €th €th	-6.87 4.29 18.1 .12.4 1.79 0.00 70,109 101 0.00 -3,659	2.98 -1.45 -48.0 -0.72 -52.7 1.19 0.00 18,306 105 0.00 4,183	24.0 -2.49 -16.6 -4.69 -15.6 0.89 0.00 13,069 121 0.00 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 4.29 18.1 .12.4 1.79 0.00 70,109 101 0.00 -3,659 0.00	2.98 -1.45 -48.0 -0.72 -52.7 1.19 0.00 18,306 105 0.00 4,183 0.00	24.0 -2.49 -16.6 -4.69 -15.6 0.89 0.00 13,069 121 0.00 2,461 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)	% x x % x % x % €th €th €th €th €th	-6.87 4.29 18.1 .12.4 1.79 0.00 70,109 101 0.00 -3,659 0.00 44.0	2.98 -1.45 -48.0 -0.72 -52.7 1.19 0.00 18,306 105 0.00 4,183 0.00 242	24.0 -2.49 -16.6 -4.69 -15.6 0.89 0.00 13,069 121 0.00 2,461 0.00 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 4.29 18.1 -12.4 1.79 0.00 70,109 101 0.00 -3,659 0.00 44.0 3,465	2.98 -1.45 -48.0 -0.72 -52.7 1.19 0.00 18,306 105 0.00 4,183 0.00 242 3,430	24.0 -2.49 -16.6 -4.69 -15.6 0.89 0.00 13,069 121 0.00 2,461 0.00 208 3,430

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

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