



# dsw

Engineering-Heavy Constr. / France

## Focus stays on floater, rig inspection rebounds

Significant news - 07/10/2020

The press release builds on the previous one, communicated in mid-September. Of note, the company sees a “clear rebound” in its activity in the audit division (Factorig), with several contracts awarded in South America. The new energies division keeps the momentum with all the focus on the floater. H1 figures to be reported on 30 October.

### Fact

With the name change now enacted, the company confirms it is intensifying its efforts in the floater (TrussFloat). The ideal scenario remains, in our view, to have Dolines co-developing the floater with an industrial partner. The press release mentions that the floater could be part of a renewable hydrogen project.

For reference, Shell and Eneco are working as a consortium (CrossWind) on such a project. The Hollandse Kust Noord project plans for the development of an offshore wind farm (759MW, 69 Siemens Gamesa turbines of 11MW) to power a hydrogen electrolyser (200MW) by 2023 (subsidy-free). The renewables hydrogen will then be used at the Shell refinery (Pernis) and help to decarbonise the production of refined products.

This confirms the increasing presence of European oil majors in renewables. Today, Total also announced that it has acquired a 20% stake in the floating offshore wind farm project Eolmed. It is interesting to note that, out of the four projects in France, two have an oil major on board (Eolmed: Total / Belle Ile: Shell), while the other two are led by utilities (Provence grand large: EDF / Leucate: Engie). In our view, having a broad base of companies (at such an early stage) is positive for engineering companies such as Dolines.



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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: 20.3%</b>
Target Price (6 months)	€ 1.36
Share Price	€ 1.14
Market Cap. €M	7.22
Price Momentum	<b>GOOD</b>
Extremes 12Months	0.16 ▶ 1.61
Bloomberg	ALDIE FP Equity
Reuters	ALDIE.PA

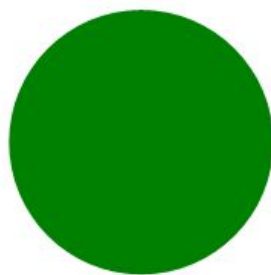
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PERF	1w	1m	3m	12m
Dolines	22.0%	-8.10%	54.6%	13.5%
Capital Goods	-0.04%	4.19%	10.3%	33.6%
STOXX 600	1.21%	1.09%	-1.44%	-3.77%

Last updated: 08/09/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	-4.39	-4.93	-7.27	-13.2
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-10.3	-7.76	-12.3	ns
Adjusted EPS (€)	-0.25	-0.23	-0.16	-0.09
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	6,031	4,750	5,350	7,025
EBIT margin (%)	-23.5	-37.4	-6.61	-0.36
Attributable net profit (€th)	-2,669	-1,871	-1,638	-897
ROE (after tax) (%)	-96.4	-142	-173	-302
Gearing (%)	137	241	434	

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

## Sales by Geography



Other (100.0%)

## Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	€th	6,031	4,750	5,350
Change in sales	%	-15.6	-21.2	12.6
Change in staff costs	%	-13.6	-16.0	0.00
EBITDA	€th	-936	-1,584	-1,175
<b>EBITDA(R) margin</b>	<b>%</b>	<b>-15.5</b>	<b>-33.4</b>	<b>-22.0</b>
Depreciation	€th			
Underlying operating profit	€th	-1,405	-1,850	-1,456
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-2,505</b>	<b>-1,850</b>	<b>-1,456</b>
Net financial expense	€th	-134	-20.8	-485
of which related to pensions	€th		-2.85	-3.51
Exceptional items & other	€th	-28.2	0.00	0.00
Corporate tax	€th	-1.53	0.00	0.00
Equity associates	€th			
Minority interests	€th			304
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-1,569</b>	<b>-1,871</b>	<b>-1,638</b>
NOPAT	€th	-984	-1,293	-1,017

## Cashflow Statement

EBITDA	€th	-936	-1,584	-1,175
Change in WCR	€th	0.00	200	0.00
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th		0.00	0.00
Exceptional items	€th			
Other operating cash flows	€th			
Total operating cash flows	€th	-936	-1,384	-1,175
Capital expenditure	€th	-326	-500	-300
Total investment flows	€th	-326	-500	-300
Net interest expense	€th	-134	-20.8	-485
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	0.00	1,760	1,490
Total financial flows	€th	-134	936	1,008
Change in cash position	€th	-1,395	-948	-467
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>-1,395</b>	<b>-1,905</b>	<b>-1,960</b>

## Per Share Data

No. of shares net of treas. stock (year...	Th	6,364	8,124	9,614
Number of diluted shares (average)	Th	6,364	8,124	10,494
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.25</b>	<b>-0.23</b>	<b>-0.16</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	€ 2.23	35%	■ Elecnor
NAV/SOTP per share	€ 2.50	20%	■ Saipem
EV/Ebitda	€ 0.00	20%	■ TechnipFMC
P/E	€ 0.57	10%	■ Nordex SE
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.57	5%	
TARGET PRICE	€ 1.36	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/19A	12/20E	12/21E
Goodwill	€th			
Total intangible	€th	3,034	3,268	3,287
Tangible fixed assets	€th	24.2	24.2	24.2
Financial fixed assets	€th			
WCR	€th	1,728	1,528	1,528
Other assets	€th	113	99.1	99.1
Total assets (net of short term liab.)	€th	5,201	5,221	5,240
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>1,458</b>	<b>1,171</b>	<b>720</b>
Quasi Equity & Preferred	€th			
Minority interests	€th	0.00	0.00	0.00
Provisions for pensions	€th		164	166
Other provisions for risks and liabilities	€th	28.4	28.4	28.4
Total provisions for risks and liabilities	€th	28.4	192	195
Tax liabilities	€th	947	947	947
Other liabilities	€th	22.6	22.6	22.6
<b>Net debt (cash)</b>	<b>€th</b>	<b>2,746</b>	<b>2,889</b>	<b>3,355</b>
Total liab. and shareholders' equity	€th	5,202	5,221	5,240

## Capital Employed

Capital employed after depreciation	€th	4,787	4,821	4,840
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## Profits & Risks Ratios

<b>ROE (after tax)</b>	%	<b>-96.4</b>	<b>-142</b>	<b>-173</b>
ROCE	%	-20.6	-26.8	-21.0
<b>Gearing (at book value)</b>	<b>%</b>	<b>137</b>	<b>241</b>	<b>434</b>
Adj. Net debt/EBITDA(R)	x	-2.93	-1.82	-2.86
Interest cover (x)	x	-10.5	-103	-3.02

## Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-4.39</b>	<b>-4.93</b>	<b>-7.27</b>
Free cash flow yield	%	-20.3	-20.7	-18.0
P/Book	x	4.72	7.88	15.2
<b>Dividend yield</b>	<b>%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

Market cap	€th	6,881	9,221	10,912
+ Provisions	€th	28.4	192	195
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	2,746	2,889	3,355
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	9,656	12,302	14,462
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-10.3</b>	<b>-7.76</b>	<b>-12.3</b>
EV/Sales	x	1.60	2.59	2.70

Analyst : Kevin Vo, Changes to Forecasts : 08/09/2020.