



# Gaussin

Engineering-Heavy Constr. / France

## The H1 results were below expectations but the sales outlook was reiterated; further dilution in store?

Earnings/sales releases - 08/08/2023

Gaussin sales for the first semester of 2023 were half the level of the previous year mainly due to a decline in the sales of port vehicles as well as Metalliance (underground activities). In the wake of the Amazon orders, inventories also increased significantly. Moreover, the group recently raised funds via equity financing which has led to dilution. This arrangement could potentially lead to further heavy dilution as the group needs funds to ramp-up its manufacturing and deliveries.

### Fact

#### Key H1 highlights

- Sales of €13.6m, down 49% yoy
- Order backlog of €155.5m, up 20% yoy

#### Other highlights

- First truck of 329 delivered to Amazon
- €7m raised via the issuance of 7m warrants
- Potential equity financing likely, implying further dilution

### Analysis

#### H1 analysis

Sales in the first half were lower due to lower demand in the Seaports and Containers (APM) segment where sales declined by 87% to €0.8m. Sales in Metalliance declined by 32% to €8.6m. On the positive side, sales in Logistics & E-Commerce (TSBM and ATM) were up by 26% to €3.9m. Licensing and Royalty revenues were down by 55% on the previous year. The order book in the first half grew with orders in Logistics & E-Commerce and was almost flat at €94.7m and Metalliance orders up by 94% to €58.7m. Total orders increased by 20% to €155.5m.

#### Amazon delivery plan put forward and the first vehicle delivered

In June, Gaussin put forward its delivery plan for the order of 329 vehicles for Amazon. As per this plan, the group is aiming to deliver the entire fleet by the end of 2023. The first vehicle was delivered in July and the deliveries will progressively ramp-up in the coming months.

#### Outlook hinges on Amazon deliveries

With this release, Gaussin reiterated its target of more than €100m for the full year. This target hinges on growth in Metalliance, Amazon orders and Licensing revenues. In our view, deliveries for the Amazon order are contingent on funding for working capital and, thus, there is a possibility that some of the orders will be delivered in 2024.

#### Equity financing poses a threat of dilution

This week Gaussin announced a fundraise via equity which boosted shareholders' equity by €7m via the issuance of 7m in equity shares. As per the original



**Kulwinder RAJPAL**  
capitalgoods@alphavalue.eu  
+33 (0) 1 70 61 10 50  
corporate.alphavalue.com

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Buy	Upside: 99.5%
Target Price (6 months)	€ 2.95
Share Price	€ 1.48
Market Cap. €M	65.2
Price Momentum	<b>NEGATIVE</b>
Extremes 12Months	1.39 ▶ 5.10
Sustainability score	2.8 /10
Credit Risk	BB ↗
Bloomberg	ALGAU FP Equity
Reuters	ALGAU.PA

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PERF	1w	1m	3m	12m
Gaussin	-20.0%	-14.6%	-31.6%	-66.1%
Capital Goods	-2.39%	2.11%	-0.48%	20.7%
STOXX 600	-2.48%	2.69%	-1.21%	5.50%

Last updated: 06/08/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	-4.28	51.8	13.1	5.40
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-11.6	5.52	4.39	2.89
Adjusted EPS (€)	-1.09	0.03	0.11	0.27
Growth in EPS (%)	n/a	n/a	294	143
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	73.4	126	148	167
EBIT margin (%)	-42.0	2.00	4.20	7.80
Attributable net profit (€M)	-29.7	0.84	4.76	11.9
ROE (after tax) (%)	-205	10.3	30.8	44.1
Gearing (%)	425	287	206	96.2

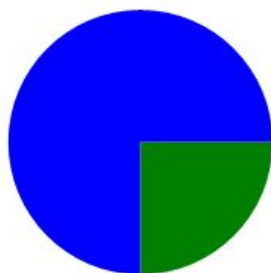
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agreement, the maximum amount agreed under this arrangement is €30m. These funds are crucial to Gaussin's ambitions to deliver large orders and will most likely be raised via equity. Hence, there is a possibility that there will be further dilution for existing shareholders.

#### ■ **Impact**

In the light of all the events mentioned above we have updated our forecasts and share count, and expect a material downward revision in our target price. Note that the latest induction of funds into the company was achieved through an equity line of financing which could lead to another.

## Sales by Geography



■ France (25.0%)  
■ Other (75.0%)

## Consolidated P&L Accounts

		12/22A	12/23E	12/24E
Sales	€M	73.4	126	148
Change in sales	%	-1.46	72.3	17.3
Change in staff costs	%	15.5	11.5	30.0
EBITDA	€M	-14.1	20.2	24.8
<b>EBITDA(R) margin</b>	<b>%</b>	<b>-19.3</b>	<b>16.0</b>	<b>16.7</b>
Depreciation	€M	-10.1	-10.7	-11.1
Underlying operating profit	€M	-30.7	2.53	6.23
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-30.9</b>	<b>2.33</b>	<b>6.03</b>
Net financial expense	€M	-1.56	-1.50	-1.50
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	2.70	0.00	0.00
Corporate tax	€M	0.00	0.01	0.23
Equity associates	€M	0.00	0.00	0.00
Minority interests	€M	0.00	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-29.5</b>	<b>1.04</b>	<b>4.96</b>
NOPAT	€M	-23.0	1.90	4.67

## Cashflow Statement

		12/22A	12/23E	12/24E
EBITDA	€M	-14.1	20.2	24.8
Change in WCR	€M	3.40	-18.6	-3.71
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M		0.01	0.23
Exceptional items	€M			
Other operating cash flows	€M	-6.07	-5.00	-5.00
Total operating cash flows	€M	-16.8	-3.37	16.3
Capital expenditure	€M	-10.4	-11.4	-11.9
Total investment flows	€M	-10.4	-12.4	-11.9
Net interest expense	€M	-1.56	-1.50	-1.50
Dividends (parent company)	€M			
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	8.96	0.00	0.00
Total financial flows	€M	22.7	24.0	-3.50
Change in cash position	€M	-4.44	8.25	0.93
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-28.7</b>	<b>-16.3</b>	<b>2.93</b>

## Per Share Data

		12/22A	12/23E	12/24E
No. of shares net of treas. stock (year...	Mio	28.5	44.0	44.0
Number of diluted shares (average)	Mio	27.2	36.3	44.0
<b>Benchmark EPS</b>	<b>€</b>	<b>-1.09</b>	<b>0.03</b>	<b>0.11</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	€ 4.57	35%	● KION Group ● Jungheinrich Pref.
NAV/SOTP per share	€ 5.30	20%	
EV/Ebitda	€ 0.83	20%	
P/E	€ 0.90	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.74	5%	
TARGET PRICE	€ 2.95	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/22A	12/23E	12/24E
Goodwill	€M	7.07	7.07	7.07
Total intangible	€M	7.07	7.07	7.07
Tangible fixed assets	€M	17.7	19.0	19.3
Financial fixed assets	€M	1.73	1.70	1.70
WCR	€M	2.12	20.7	24.4
Other assets	€M	7.74	10.0	11.0
Total assets (net of short term liab.)	€M	36.4	58.5	63.5
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>4.75</b>	<b>11.5</b>	<b>19.4</b>
Quasi Equity & Preferred	€M			
Minority interests	€M	0.44	0.40	0.40
Provisions for pensions	€M		0.00	0.00
Other provisions for risks and liabilities	€M	6.86	5.00	5.00
Total provisions for risks and liabilities	€M	6.86	5.00	5.00
Tax liabilities	€M			
Other liabilities	€M			
<b>Net debt (cash)</b>	<b>€M</b>	<b>24.3</b>	<b>41.6</b>	<b>38.7</b>
Total liab. and shareholders' equity	€M	36.4	58.5	63.5

## Capital Employed

		12/22A	12/23E	12/24E
Capital employed after depreciation	€M	28.6	48.5	52.5

## Profits & Risks Ratios

		12/22A	12/23E	12/24E
<b>ROE (after tax)</b>	<b>%</b>	<b>-205</b>	<b>10.3</b>	<b>30.8</b>
ROCE	%	-80.4	3.91	8.90
<b>Gearing (at book value)</b>	<b>%</b>	<b>425</b>	<b>287</b>	<b>206</b>
Adj. Net debt/EBITDA(R)	x	-1.72	2.05	1.56
Interest cover (x)	x	-19.7	1.69	4.15

## Valuation Ratios

		12/22A	12/23E	12/24E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-4.28</b>	<b>51.8</b>	<b>13.1</b>
Free cash flow yield	%	-21.6	-24.9	4.49
P/Book	x	28.0	5.67	3.35
<b>Dividend yield</b>	<b>%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/22A	12/23E	12/24E
Market cap	€M	133	65.2	65.2
+ Provisions	€M	6.86	5.00	5.00
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	24.3	41.6	38.7
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	164	112	109
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-11.6</b>	<b>5.52</b>	<b>4.39</b>
EV/Sales	x	2.24	0.88	0.73

Analyst : Kulwinder Rajpal, Changes to Forecasts : 06/08/2023.