



Dolfines

Engineering-Heavy Constr. / France

FY20: expanding services into wind

Earnings/sales releases - 27/04/2021

FY20 comes with an adjusted net loss of €2.0m, against our estimates of €-2.2m, on additional savings. The activity seems to be rebounding in oil & gas, with the Q1 turnover up by 68% yoy at €0.84m and a €2.2m backlog. Lastly, the company is launching a five-year strategic plan which aims to expand Dolfines' service (technical assistance, inspection, etc.) on wind turbines and to develop the 15MW turbine-carrying float.

Fact

FY20:

Turnover: €2.5m (-58% yoy)

EBITDA: €-1.8m (-64% yoy)

Adjusted net income: €-2.0m (vs €-1.5m in 2019)

Net income: €-2.3m (vs €-2.7m in 2019)

Net cash: €0.7m (vs €-1m in 2019)

Outlook:

Q1 revenue: €0.84m (+68% yoy)

Order at €2.2m

Launch of the Cash&Value21/25 Renewable Energy Plan

Analysis

FY20

While sales came in below our estimates (€2.5m vs €3.6m), the adjusted net loss is €0.2m lower than our estimates. The reason for this is the level of savings which accelerated in H2. On a full-year basis, the company has reduced costs by €2.9m, with €1.2m in external expenses and €1.7m in staff costs. While we do not expect these savings to be sustainable (e.g. partial unemployment), this allows the company to withstand the current tough times.

Oil & Gas

Given the steady oil prices, 2020 is likely to be the trough in revenue. The activity seems to be rebounding with revenues of €0.84m in Q1 21 and a backlog at €2.2m. Assuming that the backlog is executed in 2021, this implies revenue of €3.04m, a 20% increase from 2020.

Cash&Value21/25 Renewable Energy Plan

Dolfines is starting a five-year strategic plan around two key points. The first is on expanding the services offering in wind. This is supported by the partnership signed with France 8.2 and possibly one or more acquisitions. In our view, this is positive, as this would bring recurring activities in the renewables space. The second is on the 15MW turbine carrying float, where Dolfines wants to reach the TRL6 level by the end of 2022. Before that, the company wants to upscale the current floater (TrussFloat) to support a 15MW turbine.

Impact

We will update our model following this release.



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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

Reduce Upside: 5.64%

Target Price (6 months) € 1.40

Share Price € 1.32

Market Cap. €M 12.7

Price Momentum **UNFAVORABLE**

Extremes 12Months 0.73 ▶ 3.10

Sustainability score 3.6 /10

Credit Risk **DDD** ↗

Bloomberg **ALDIE FP Equity**

Reuters **ALDOL.PA**



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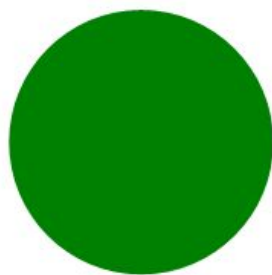


PERF	1w	1m	3m	12m
Dolfines	-8.94%	-24.8%	-39.3%	29.8%
Capital Goods	0.44%	5.66%	11.1%	73.4%
STOXX 600	-0.45%	3.11%	7.97%	33.6%

Last updated: 07/01/2021	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	-4.17	-3.50	-8.26	-16.7
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-9.95	-5.29	-11.9	ns
Adjusted EPS (€)	-0.25	-0.29	-0.16	-0.08
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	6,031	3,590	5,350	7,025
EBIT margin (%)	-23.5	-62.5	-6.42	-0.22
Attributable net profit (€th)	-2,669	-2,542	-1,628	-887
ROE (after tax) (%)	-96.4	-139	-71.1	-42.8
Gearing (%)	137	90.8	47.9	78.8

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

Sales by Geography



Other (100.0%)

Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	€th	6,031	3,590	5,350
Change in sales	%	-15.6	-40.5	49.0
Change in staff costs	%	-13.6	-24.9	11.8
EBITDA	€th	-936	-2,066	-1,175
EBITDA(R) margin	%	-15.5	-57.6	-22.0
Depreciation	€th			
Underlying operating profit	€th	-1,405	-2,271	-1,446
Operating profit (EBIT)	€th	-2,505	-2,521	-1,446
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
Adjusted attributable net profit	€th	-1,569	-2,292	-1,628
NOPAT	€th	-984	-1,588	-1,010

Cashflow Statement

EBITDA	€th	-936	-2,066	-1,175
Change in WCR	€th	0.00	700	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	-1,366	-1,175
Capital expenditure	€th	-326	-300	-300
Total investment flows	€th	-326	-300	-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	3,200	2,130
Total financial flows	€th	-134	2,776	1,648
Change in cash position	€th	-1,395	1,110	173
Free cash flow (pre div.)	€th	-1,395	-1,687	-1,960

Per Share Data

No. of shares net of treas. stock (year...	Th	6,364	9,273	9,573
Number of diluted shares (average)	Th	6,364	7,818	10,158
Benchmark EPS	€	-0.25	-0.29	-0.16
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 2.27	35%	■ Nordex SE
NAV/SOTP per share	€ 2.52	20%	■ TechnipFMC
EV/Ebitda	€ 0.00	20%	■ Saipem
P/E	€ 0.66	10%	■ Elecnor
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.66	5%	
TARGET PRICE	€ 1.40	100%	

NAV/SOTP Calculation

Balance Sheet

		12/19A	12/20E	12/21E
Goodwill	€th			
Total intangible	€th	3,034	3,129	3,158
Tangible fixed assets	€th	24.2	24.2	24.2
Financial fixed assets	€th			
WCR	€th	1,728	1,028	1,028
Other assets	€th	113	99.1	99.1
Total assets (net of short term liab.)	€th	5,201	4,582	4,611
Ordinary shareholders' equity	€th	1,458	2,190	2,389
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
Net debt (cash)	€th	2,746	1,231	1,057
Total liab. and shareholders' equity	€th	5,202	4,582	4,611

Capital Employed

Capital employed after depreciation	€th	4,787	4,182	4,211
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Profits & Risks Ratios

ROE (after tax)	%	-96.4	-139	-71.1
ROCE	%	-20.6	-38.0	-24.0
Gearing (at book value)	%	137	90.8	47.9
Adj. Net debt/EBITDA(R)	x	-2.93	-0.60	-0.90
Interest cover (x)	x	-10.5	-127	-3.00

Valuation Ratios

Reference P/E (benchmark)	x	-4.17	-3.50	-8.26
Free cash flow yield	%	-21.3	-17.7	-15.5
P/Book	x	4.49	4.34	5.30
Dividend yield	%	0.00	0.00	0.00

EV Calculation

Market cap	€th	6,538	9,512	12,674
+ 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	1,231	1,057
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	9,313	10,935	13,926
EV/EBITDA(R)	x	-9.95	-5.29	-11.9
EV/Sales	x	1.54	3.05	2.60

Analyst : Kevin Vo, Changes to Forecasts : 07/01/2021.