



# Drone Volt

Aersp. & Defence Equipt. / France

## A better-looking FY24 release than it seems

Earnings/sales releases - 24/03/2025

This release shows that the basis for EBITDA profitability has been laid and that the deterioration at the EBIT level was mostly related to non-recurring, non-operating, and non-cash impacts. The outlook for 2025 is unchanged, underpinned by the new orders from the US and more ambitious cost-cutting plans. Further orders for defence purposes, as well as for the Kobra drone, could help boost the ongoing re-rating of the stock, thus prompting us to reiterate our positive stance on the stock.

### Fact

Sales were already announced at €32.662m (€-19k correction), a 36% increase compared to last year.

Gross margin was revised slightly upwards to €4.232m, increasing by 15% compared to last year and above the previous estimate of €4.0m.

However, EBIT decreased further from €-5.287m to €-7.143m due to fees related to the capital raising (-0.6m) and higher D&A linked to R&D (€1m impact), and thus came in lower than our estimate of €-6.018m as we forecasted lower depreciation levels notably.

Net result came in accordingly lower than our estimate at €-12.917m from €-6.042m (AlphaValue estimate €-6.087m), which is also due to a depreciation of the stake in Aquiline Drones (€-3.4m) and a higher tax charge than we expected (€1.6m higher).

Shareholders' equity stood at €10.4m, half the level of 2023 as the capital raised was largely offset by negative earnings.

The outlook for 2025 is unchanged with the objective of turning EBITDA positive.

### Analysis

#### Non-recurring, non-operating and non-cash impacts on profitability

The deterioration at the EBIT level was mostly related to non-operating (fees related to capital raising) and non-cash impacts (D&A). We can also notice that the EBIT margin slightly improved from -22% to -21.9% despite these effects, underlining the efforts made on regular operating costs despite the high growth rate.

Further down the P&L, the story is similar with a significant non-recurring non-cash impact with the depreciation of the Aquiline Drones stake, driving down its value in the books to 0 and thus closing this disappointing chapter of Drone Volt history.

#### Fresh injections maintain financial stability

Even though the net debt slightly deteriorated throughout 2024 (from €3.7m to €4.1m), the balance sheet has been strengthened since by the €2m capital raised early in 2025 and the €2m convertible bonds from Atlas Capital Markets, which should enable the company to meet its obligations over the next 12 months, especially given the announced efforts on costs. Moreover, the recent share price increase offers the company an opportunity to reimburse again in shares the convertible bonds with reduced dilution in March and April 2025. This could thus improve the operation benefits from a financing standpoint, even though the company stated that it intends to reimburse in cash up to now.



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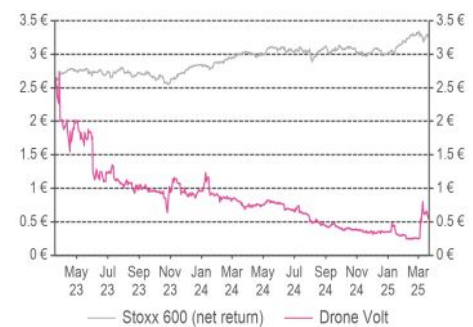
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<b>Buy</b>	<b>Upside: 62.2%</b>
Target Price (6 months)	€ 0.89
Share Price	€ 0.55
Market Cap. €M	21.1
Price Momentum	<b>STRONG</b>
Extremes 12 Months	0.24 ▶ 0.82
Sustainability score	5.1 /10
Credit Risk	C ↗
Bloomberg	ALDRV FP Equity
Reuters	ALDRV.PA

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PERF	1w	1m	3m	12m
Drone Volt	-10.1%	127%	54.5%	-28.2
Aerospace-Defence	-1.71%	12.1%	32.5%	36.9
STOXX 600	0.56%	-0.44%	9.45%	7.83

Last updated: 17/01/2025	12/23A	12/24E	12/25E	12/26E
Adjusted P/E (x)	-2.39	-2.10	-5.11	8.01
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-11.4	-10.2	ns	5.09
Adjusted EPS (€)	-0.53	-0.30	-0.11	0.07
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	23,993	32,681	17,915	25,569
Other margin (%)	15.3	12.3	37.0	48.3
Attributable net profit (€th)	-5,329	-6,087	-3,434	2,633
ROE (after tax) (%)	-26.3	-26.6	-15.0	10.8
Gearing (%)	16.1	21.3	27.2	19.2

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

### **A more precise unchanged outlook**

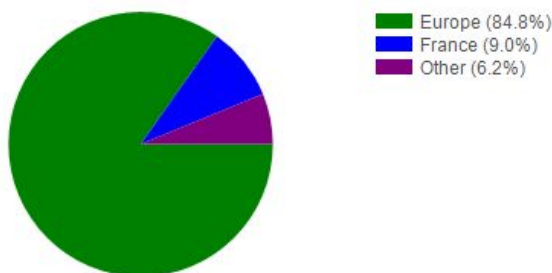
The outlook for 2025 is unchanged with the objective of turning EBITDA positive, notably thanks to the strong demand the company has enjoyed since the beginning of the year for its internal drones, which have higher margins, owing to its reinforced presence in the US (first market in the world) and the first defence orders. For instance, the French Marine is notably conducting tests with the Heliplane (VTOL drone) for its semaphores (more than 20 on French coasts), which offers an economic solution to better monitor maritime traffic. Drone Volt has the capabilities to win these types of contracts thanks to the recruitment of former military officers, such as the COO of Drone Volt Expert Frédéric Glorieux, who know perfectly the needs of the armies. Furthermore, the new European-produced Kobra drone should contribute in 2025 as it caters to European police and armies' operational needs while meeting data security requirements.

The group also notably declared that it would implement a €1.1m cost-cutting programme (€400k higher than the last figure from January) to improve profitability. Finally, the group gave a figure on the reduction in R&D expected (€0.6m) in order to monetise past R&D efforts better, thus bringing total cost-cutting efforts to €1.7m. The monetisation of its R&D capabilities should also come from the new R&D service to cater to specific needs of rather big corporates, thus killing two birds with one stone. The decrease in R&D capex triggered in 2024 should improve EBIT margins in the coming years.

### **■ Impact**

We will integrate these figures into our model, which should have a slight positive impact given the new cost-cutting efforts announced.

## Sales by Geography



## Consolidated P&L Accounts

		12/23A	12/24E	12/25E
Sales	€th	23,993	32,681	17,915
Change in sales	%	74.7	36.2	-45.2
Change in staff costs	%	29.6	18.0	7.10
EBITDA	€th	-2,245	-2,440	25.9
<b>EBITDA(R) margin</b>	%	<b>-9.36</b>	<b>-7.47</b>	<b>0.14</b>
Depreciation	€th			
Underlying operating profit	€th	-4,816	-5,218	-2,661
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-5,286</b>	<b>-6,018</b>	<b>-3,496</b>
Net financial expense	€th	-211	-201	-343
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th			
Corporate tax	€th	-544	-615	-380
Equity associates	€th			
Minority interests	€th	712	748	785
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-5,329</b>	<b>-6,087</b>	<b>-3,434</b>
NOPAT	€th	-3,612	-3,914	-1,996

## Cashflow Statement

		12/23A	12/24E	12/25E
EBITDA	€th	-2,245	-2,440	25.9
Change in WCR	€th	-1,792	-1,931	668
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	534	-615	-380
Exceptional items	€th			
Other operating cash flows	€th	-844	100	100
Total operating cash flows	€th	-4,347	-4,887	414
Capital expenditure	€th	-4,351	-3,916	-3,524
Total investment flows	€th	-5,088	-3,916	-3,524
Net interest expense	€th	-211	-201	-343
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	5,889	6,625	3,200
Total financial flows	€th	8,629	8,782	3,857
Change in cash position	€th	-806	-20.4	747
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>-8,909</b>	<b>-9,004</b>	<b>-3,453</b>

## Per Share Data

		12/23A	12/24E	12/25E
No. of shares net of treas. stock (year...	Th	15,017	25,519	38,355
Number of diluted shares (average)	Th	9,993	20,268	31,937
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.53</b>	<b>-0.30</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	€ 1.44	35%	
NAV/SOTP per share	€ 0.89	20%	
EV/Ebitda	€ 0.64	20%	
P/E	€ 0.28	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 1.10	5%	
<b>TARGET PRICE</b>	<b>€ 0.89</b>	<b>100%</b>	

### NAV/SOTP Calculation

## Balance Sheet

		12/23A	12/24E	12/25E
Goodwill	€th	685	706	727
Total intangible	€th	9,918	10,453	11,017
Tangible fixed assets	€th	1,342	1,382	1,424
Financial fixed assets	€th			
WCR	€th	1,736	3,667	2,999
Other assets	€th	5,403	5,565	5,732
Total assets (net of short term liab.)	€th	24,106	26,834	26,999
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>22,706</b>	<b>23,043</b>	<b>22,875</b>
Quasi Equity & Preferred	€th			
Minority interests	€th	-2,704	-2,677	-2,650
Provisions for pensions	€th	63.0	0.00	0.00
Other provisions for risks and liabilities	€th	292	336	386
Total provisions for risks and liabilities	€th	355	336	386
Tax liabilities	€th	0.00	0.00	0.00
Other liabilities	€th	23.0	25.3	27.8
<b>Net debt (cash)</b>	<b>€th</b>	<b>3,728</b>	<b>6,106</b>	<b>6,360</b>
Total liab. and shareholders' equity	€th	24,108	26,834	26,999

## Capital Employed

		12/23A	12/24E	12/25E
Capital employed after depreciation	€th	12,996	15,502	15,440

## Profits & Risks Ratios

		12/23A	12/24E	12/25E
<b>ROE (after tax)</b>	%	<b>-26.3</b>	<b>-26.6</b>	<b>-15.0</b>
ROCE	%	-27.8	-25.2	-12.9
<b>Gearing (at book value)</b>	%	<b>16.1</b>	<b>21.3</b>	<b>27.2</b>
Adj. Net debt/EBITDA(R)	x	-1.82	-2.64	260
Interest cover (x)	x	-22.8	-26.0	-7.76

## Valuation Ratios

		12/23A	12/24E	12/25E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-2.39</b>	<b>-2.10</b>	<b>-5.11</b>
Free cash flow yield	%	-46.6	-56.0	-16.4
P/Book	x	0.84	0.70	0.92
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/23A	12/24E	12/25E
Market cap	€th	19,123	16,078	21,096
+ Provisions	€th	355	336	386
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	3,676	6,052	6,303
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th	208	177	
+ Minority interests (fair value)	€th	2,704	2,677	2,650
= EV	€th	25,649	24,966	30,434
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-11.4</b>	<b>-10.2</b>	<b>ns</b>
EV/Sales	x	1.07	0.76	1.70

Analyst : Alexandre Desprez, Changes to Forecasts : 17/01/2025.