



Dolfines

Engineering-Heavy Constr. / France

FY21: recap as investments accelerate in renewables

Earnings/sales releases - 03/05/2022

The FY21 results came in below our expectations as Covid-19 dragged on mobility thus limiting oil & gas activities, although the strong start to the year confirms that the recovery is ongoing. As investments ramp up, the company has announced a c. €4m recap, split between debt conversion and an equity increase. The latter should be enough to sustain research & development activities in renewables for both the new floater and the telescopic arm for offshore wind inspection.

Fact

Turnover: €3.93m (+55% yoy)

EBITDA: €-1.46m (vs €-1.85m in 2020)

Adjusted net income: €-1.62m (vs €-1.97m in 2020)

Net income: €-1.56m (vs €-2.26m in 2020)

Net debt: €2.13m (vs €-0.66m in 2020)

Analysis

Capital increase: The company intends to raise c. €4m to support its investments in the floater (trussFloat15) as well as in wind services. Investments in TrussFloat15 had already accelerated in H2-21 with c. €325k and €480k in FY21. The split between the conversion of bonds with NEGMA and stock issuance remains unknown at this stage.

H2-21: In Oil & Gas, turnover was down by around 10% in H2 vs H1 (€1.8 vs €2m), and despite the surge in oil prices as Covid-19 continued to restrict international travel. All in all, the turnover in technical assistance and in audit & inspection combined was flat in H2 vs H1 at €1.65m, yet the mix was different, with 17% hoh growth for technical assistance (€873k) vs 13% hoh decline for audit & inspection (€775k). Note however that the company had already announced a strong start of the year 2022 with Q1 turnover increasing by 52% (€1.95m), including 8.2 France (which we estimate at €500-600k), and led by the audit & inspection division with several contracts in the dynamic Gulf countries (Saudi Arabia, UAE, Oman).

In **Renewables**, as mentioned above, Dolfines has started the Trussfloat15 project (extension of the Trussfloat6). There have also been some positive developments in wind services with the 8.2 France transaction now completed. 8.2 France reported a turnover of €2.31m for FY21 (€0.54m since integration), which is 28% yoy. Dolfines is developing a solution for the offshore maintenance of floating wind turbines, using a telescopic tool. The former could use funds from the IPA4 (Investment for the Future 4). Lastly, 8.2 France is developing a drone for offshore wind turbine inspection.

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

Buy Upside: 57.5%

Target Price (6 months) € 0.54

Share Price € 0.34

Market Cap. €M 6.60

Price Momentum **STRONG**

Extremes 12Months 0.27 ▶ 0.71

Sustainability score 5.5 /10

Credit Risk DDD →

Bloomberg ALDOL FP Equity

Reuters ALDOL.PA



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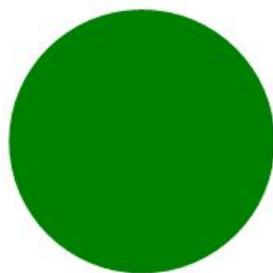


PERF	1w	1m	3m	12m
Dolfines	-34.3%	-27.1%	-13.4%	-42.6%
Capital Goods	-3.47%	-9.83%	-15.6%	-15.7%
STOXX 600	-0.29%	-3.17%	-6.96%	1.47%

Last updated: 01/04/2022	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-3.44	-10.7	-14.1	-10.6
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-5.76	-16.4	-55.2	-23.0
Adjusted EPS (€)	-0.15	-0.06	-0.02	-0.03
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	2,525	5,800	7,320	8,041
EBIT margin (%)	-67.5	-17.8	-3.85	-6.21
Attributable net profit (€th)	-2,323	-1,315	-642	-884
ROE (after tax) (%)	-121	-64.0	-45.5	-76.8
Gearing (%)	79.4	78.7	186	190

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

Sales by Geography



Other (100.0%)

Consolidated P&L Accounts

	12/20A	12/21E	12/22E
Sales	€th 2,525	5,800	7,320
Change in sales	% -58.1	130	26.2
Change in staff costs	% -49.6	137	12.8
EBITDA	€th -1,827	-853	-166
EBITDA(R) margin	% -72.4	-14.7	-2.26
Depreciation	€th		
Underlying operating profit	€th -1,934	-1,125	-452
Operating profit (EBIT)	€th -1,934	-1,125	-452
Net financial expense	€th -71.6	-191	-191
of which related to pensions	€th	-2.85	-3.51
Exceptional items & other	€th -306	0.00	0.00
Corporate tax	€th -11.8	0.00	0.00
Equity associates	€th		
Minority interests	€th		
Adjusted attributable net profit	€th -2,323	-1,315	-642
NOPAT	€th -1,354	-785	-314

Cashflow Statement

EBITDA	€th -1,827	-853	-166
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 -1,827	-1,053	-166
Capital expenditure	€th -300	-300	-300
Total investment flows	€th -300	-1,300	-300
Net interest expense	€th -71.6	-191	-191
Dividends (parent company)	€th		
Dividends to minorities interests	€th 0.00	0.00	0.00
New shareholders' equity	€th 3,200	1,860	0.00
Total financial flows	€th 3,128	3,553	-1,385
Change in cash position	€th 1,001	1,200	-1,851
Free cash flow (pre div.)	€th -2,199	-1,544	-656

Per Share Data

No. of shares net of treas. stock (year...	Th 18,546	19,146	19,146
Number of diluted shares (average)	Th 15,637	22,376	26,206
Benchmark EPS	€ -0.15	-0.06	-0.02
Restated NAV per share	€		
Net dividend per share	€ 0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.90	35%	● Saipem
NAV/SOTP per share	€ 1.01	20%	● Nordex SE
EV/Ebitda	€ 0.00	20%	● Elecnor
P/E	€ 0.17	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.17	5%	
TARGET PRICE	€ 0.54	100%	

NAV/SOTP Calculation

Balance Sheet

	12/20A	12/21E	12/22E
Goodwill	€th		
Total intangible	€th 3,009	3,038	3,052
Tangible fixed assets	€th 10.3	10.3	10.3
Financial fixed assets	€th		
WCR	€th 821	1,021	1,021
Other assets	€th 82.7	57.1	57.1
Total assets (net of short term liab.)	€th 4,204	4,407	4,421
Ordinary shareholders' equity	€th 2,374	1,733	1,091
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 25.5	25.5	25.5
Total provisions for risks and liabilities	€th 25.5	189	192
Tax liabilities	€th 781	781	781
Other liabilities	€th 0.00	0.00	0.00
Net debt (cash)	€th 1,023	1,704	2,357
Total liab. and shareholders' equity	€th 4,204	4,407	4,421

Capital Employed

Capital employed after depreciation	€th 3,840	4,069	4,083
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Profits & Risks Ratios

ROE (after tax)	%	-121	-64.0	-45.5
ROCE	%	-35.2	-19.3	-7.68
Gearing (at book value)	%	79.4	78.7	186
Adj. Net debt/EBITDA(R)	x	-0.56	-2.00	-14.2
Interest cover (x)	x	-27.0	-5.99	-2.41

Valuation Ratios

Reference P/E (benchmark)	x	-3.44	-10.7	-14.1
Free cash flow yield	%	-23.2	-12.8	-9.95
P/Book	x	3.99	6.96	6.04
Dividend yield	%	0.00	0.00	0.00

EV Calculation

Market cap	€th 9,473	12,061	6,596	
+ Provisions	€th 25.5	189	192	
+ Unrecognised actuarial losses/(gains)	€th 0.00	0.00	0.00	
+ Net debt at year end	€th 1,023	1,704	2,357	
+ Leases debt equivalent	€th 0.00	0.00	0.00	
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th 10,521	13,955	9,144	
EV/EBITDA(R)	x	-5.76	-16.4	-55.2
EV/Sales	x	4.17	2.41	1.25

Analyst : Kevin Vo, Changes to Forecasts : 01/04/2022.