



Drone Volt

Aerosp. & Defence Equipt. / France

Drone Volt sells 50% of Aerialtronics to partner at a high valuation

M&A /Corp. Action - 24/06/2021

Drone Volt has finalised this highly anticipated sale to its American partner Aquiline Drones at a valuation of €15m, which represents an added value of €6m for the French drone company. The discussions for the sale of 50% of Aerialtronics started in January 2021, and the deal was expected by the end of this year.

Fact

Aerialtronics has been a subsidiary of Drone Volt since 2017, when the latter bought 50% of it at €100k due to its liquidation state. Since then, Drone Volt has managed to restructure the business successfully and, by September 2020, Drone Volt bought the remaining 50% for €2.5m as Aerialtronics was valued €5m. Today the company is valued three times this price, which means that through its 50% sale of Aerialtronics to Aquiline Drones, Drone Volt has made €6m in added value.

Drone Volt has, however, managed to keep control of Aerialtronics' operations, and the subsidiary will remain 100% consolidated in Drone Volt's financial statements. Aerialtronics is the company that created the Altura Zenith drone and the Pensar camera, which is embedded with AI and offers great potential.

Through this acquisition, Aquiline Drones confirms once again its trust in Drone Volt's technology and consolidates an already solid partnership.

Impact

We have already anticipated this news in our estimates, therefore we reiterate our Buy recommendation.



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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: 91.1%

Target Price (6 months)	€ 0.34
Share Price	€ 0.18
Market Cap. €M	37.8

Price Momentum	NEGATIVE
Extremes 12Months	0.07 ▶ 0.39
Sustainability score	3.9 /10
Credit Risk	CCC ↗
Bloomberg	ALDRV FP Equity
Reuters	ALDRV.PA

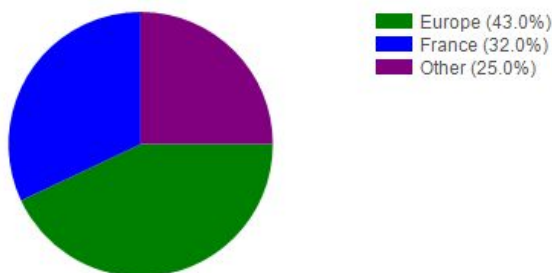

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PERF	1w	1m	3m	12m
Drone Volt	-8.81%	-24.4%	-33.1%	142%
Aerospace-Defence	-1.83%	6.21%	10.5%	36.5%
STOXX 600	-1.47%	1.80%	7.04%	23.3%

Last updated: 31/05/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-3.05	ns	23.2	8.02
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-11.6	11.4	1.88	1.04
Adjusted EPS (€)	-0.05	0.00	0.01	0.02
Growth in EPS (%)	n/a	n/a	n/a	189
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	5,836	13,073	16,585	21,974
Other margin (%)	29.3	43.3	50.4	62.0
Attributable net profit (€th)	-6,591	-8.22	1,666	5,160
ROE (after tax) (%)	-48.2	-0.03	5.37	13.9
Gearing (%)	2.20	-33.7	-52.0	-56.4

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Sales by Geography



Consolidated P&L Accounts

	12/20A	12/21E	12/22E
Sales	€th 5,836	13,073	16,585
Change in sales	% -17.9	124	26.9
Change in staff costs	% -5.12	5.40	17.0
EBITDA	€th -2,065	1,384	3,548
EBITDA(R) margin	% -35.4	10.6	21.4
Depreciation	€th		
Underlying operating profit	€th -4,189	330	2,513
Operating profit (EBIT)	€th -8,181	30.0	2,208
Net financial expense	€th -673	-367	-378
of which related to pensions	€th	0.00	0.00
Exceptional items & other	€th		
Corporate tax	€th 2,011	76.5	-416
Equity associates	€th		
Minority interests	€th 252	252	252
Adjusted attributable net profit	€th -6,591	-8.22	1,666
NOPAT	€th -2,932	231	1,759

Cashflow Statement

	12/20A	12/21E	12/22E
EBITDA	€th -2,065	1,384	3,548
Change in WCR	€th 913	7.80	-142
Actual div. received from equity holdi...	€th 0.00	0.00	0.00
Paid taxes	€th 2,011	76.5	-416
Exceptional items	€th		
Other operating cash flows	€th -347	-286	-225
Total operating cash flows	€th 512	1,183	2,765
Capital expenditure	€th -2,036	-1,995	-1,955
Total investment flows	€th -2,036	5,505	-1,955
Net interest expense	€th -673	-367	-378
Dividends (parent company)	€th		
Dividends to minorities interests	€th 0.00	0.00	0.00
New shareholders' equity	€th 13,613	4,586	3,668
Total financial flows	€th 15,770	4,219	3,290
Change in cash position	€th 14,246	10,907	4,100
Free cash flow (pre div.)	€th -2,197	-1,179	432

Per Share Data

	12/20A	12/21E	12/22E
No. of shares net of treas. stock (year...)	Th 198,523	210,000	226,100
Number of diluted shares (average)	Th 131,321	205,379	219,167
Benchmark EPS	€ -0.05	0.00	0.01
Restated NAV per share	€		
Net dividend per share	€ 0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.48	35%	* KUKA
NAV/SOTP per share	€ 0.35	20%	
EV/Ebitda	€ 0.32	20%	
P/E	€ 0.16	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.35	5%	
TARGET PRICE	€ 0.34	100%	

NAV/SOTP Calculation

Balance Sheet

	12/20A	12/21E	12/22E
Goodwill	€th 149	148	147
Total intangible	€th 7,321	7,639	8,033
Tangible fixed assets	€th 1,004	1,145	1,283
Financial fixed assets	€th		
WCR	€th 2,150	2,142	2,284
Other assets	€th 5,303	4,932	4,587
Total assets (net of short term liab.)	€th 16,332	16,440	16,797
Ordinary shareholders' equity	€th 18,103	28,895	33,112
Quasi Equity & Preferred	€th		
Minority interests	€th -296	-355	-426
Provisions for pensions	€th	0.00	0.00
Other provisions for risks and liabilities	€th 50.0	57.5	66.1
Total provisions for risks and liabilities	€th 50.0	57.5	66.1
Tax liabilities	€th 0.00	0.00	0.00
Other liabilities	€th 2,747	3,022	3,324
Net debt (cash)	€th -4,272	-15,179	-19,279
Total liab. and shareholders' equity	€th 16,332	16,440	16,797

Capital Employed

	12/20A	12/21E	12/22E
Capital employed after depreciation	€th 10,475	10,927	11,600

Profits & Risks Ratios

		12/20A	12/21E	12/22E
ROE (after tax)	%	-48.2	-0.03	5.37
ROCE	%	-28.0	2.11	15.2
Gearing (at book value)	%	2.20	-33.7	-52.0
Adj. Net debt/EBITDA(R)	x	2.07	-11.0	-5.43
Interest cover (x)	x	-6.22	0.90	6.64

Valuation Ratios

		12/20A	12/21E	12/22E
Reference P/E (benchmark)	x	-3.05	ns	23.2
Free cash flow yield	%	-7.23	-3.19	1.09
P/Book	x	1.68	1.28	1.20
Dividend yield	%	0.00	0.00	0.00

EV Calculation

	12/20A	12/21E	12/22E	
Market cap	€th 30,389	36,960	39,794	
+ Provisions	€th 50.0	57.5	66.1	
+ Unrecognised actuarial losses/(gains)	€th 0.00	0.00	0.00	
+ Net debt at year end	€th -4,656	-15,582	-19,703	
+ Leases debt equivalent	€th 0.00	0.00	0.00	
- Financial fixed assets (fair value)	€th 2,712	6,712	14,766	
+ Minority interests (fair value)	€th 887	1,065	1,278	
= EV	€th 23,958	15,788	6,668	
EV/EBITDA(R)	x	-11.6	11.4	1.88
EV/Sales	x	4.11	1.21	0.40

Analyst : Romain Pierredon, Changes to Forecasts : 31/05/2021.