



# Dolfines

Engineering-Heavy Constr. / France

## Green shoots

Significant news - 19/07/2021

The company released a positive update which triggered a 60% spike in the stock price. While there are various elements in the update, we believe the large stock move is mainly due to the strong growth seen in both oil & gas and wind activities (8.2 France). Furthermore, the company intends to pursue external growth in wind services, as it expects the Dolfines / 8.2 France combination to attract other market players.

### Fact

- 1 by 2 stock split, total share count: 19,145,548 shares
- Acquisition of 8.2 France near completion
- Acceleration of the development of the 15MW turbine carrier float

### Analysis

Wind services: the acquisition of 8.2 France is ongoing with a signing objective by the end of the month. The growth seen in 2020 (sales +16% yoy) is accelerating in 2021. The company mentions that the Dolfines / 8.2 France combination is paving the way for other value-creating external growth operations. While the funding is still pending, the company will provide more information at a later stage.

Oil & gas: the strong rebound in sales seen in Q1 (sales +68% yoy) continues with the company being in demand for several projects. The commercial activity at Factorig (rig audit and inspection services) is higher than before 2019.

### Impact

We stick to our recommendation for now and will update our model after the 8.2 France transaction.



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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

<b>Add</b>	<b>Upside: 13.4%</b>
Target Price (6 months)	€ 1.36
Share Price	€ 1.20
Market Cap. €M	11.5
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	0.75 ▶ 3.10
Sustainability score	2.4 /10
Credit Risk	DDD →
Bloomberg	ALDIE FP Equity
Reuters	ALDOL.PA



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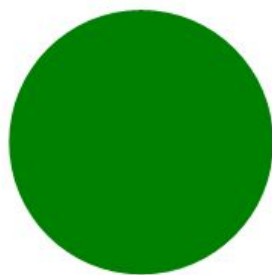


PERF	1w	1m	3m	12m
Dolfines	35.2%	-9.79%	-19.5%	-20.1%
Capital Goods	-1.83%	-0.51%	-3.01%	32.0%
STOXX 600	-0.64%	-1.11%	2.77%	22.2%

Last updated: 19/05/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-3.45	-8.67	-12.9	-47.3
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-5.78	-11.7	-21.1	ns
Adjusted EPS (€)	-0.30	-0.14	-0.09	-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	3,150	4,350	5,700
EBIT margin (%)	-67.5	-39.2	-19.5	-14.5
Attributable net profit (€th)	-2,323	-1,404	-1,038	-286
ROE (after tax) (%)	-121	-53.1	-41.2	-14.4
Gearing (%)	79.4	23.1	33.9	68.5

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

## Sales by Geography



Other (100.0%)

## Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	€th	2,525	3,150	4,350
Change in sales	%	-58.1	24.8	38.1
Change in staff costs	%	-49.6	25.1	16.2
EBITDA	€th	-1,827	-1,026	-690
<b>EBITDA(R) margin</b>	<b>%</b>	<b>-72.4</b>	<b>-32.6</b>	<b>-15.9</b>
Depreciation	€th			
Underlying operating profit	€th	-1,934	-1,297	-976
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-1,934</b>	<b>-1,297</b>	<b>-976</b>
Net financial expense	€th	-71.6	-107	-61.7
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			
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-2,323</b>	<b>-1,404</b>	<b>-1,038</b>
NOPAT	€th	-1,354	-906	-681

## Cashflow Statement

EBITDA	€th	-1,827	-1,026	-690
Change in WCR	€th	0.00	0.00	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	-1,026	-690
Capital expenditure	€th	-300	-300	-300
Total investment flows	€th	-300	-300	-300
Net interest expense	€th	-71.6	-107	-61.7
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	3,200	2,130	250
Total financial flows	€th	3,128	3,140	-498
Change in cash position	€th	1,001	1,814	-1,488
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>-2,199</b>	<b>-1,432</b>	<b>-1,052</b>

## Per Share Data

No. of shares net of treas. stock (year...	Th	9,273	9,573	11,043
Number of diluted shares (average)	Th	7,818	10,158	11,168
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.30</b>	<b>-0.14</b>	<b>-0.09</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	€ 2.16	35%	● Nordex SE
NAV/SOTP per share	€ 2.56	20%	■ TechnipFMC
EV/Ebitda	€ 0.00	20%	■ Saipem
P/E	€ 0.60	10%	■ Elecnor
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.60	5%	
TARGET PRICE	€ 1.36	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	821	821
Other assets	€th	82.7	57.1	57.1
Total assets (net of short term liab.)	€th	4,204	4,207	4,221
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>2,374</b>	<b>2,914</b>	<b>2,128</b>
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
<b>Net debt (cash)</b>	<b>€th</b>	<b>1,023</b>	<b>322</b>	<b>1,121</b>
Total liab. and shareholders' equity	€th	4,204	4,207	4,221

## Capital Employed

Capital employed after depreciation	€th	3,840	3,869	3,883
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## Profits & Risks Ratios

<b>ROE (after tax)</b>	%	<b>-121</b>	<b>-53.1</b>	<b>-41.2</b>
ROCE	%	-35.2	-23.4	-17.5
<b>Gearing (at book value)</b>	<b>%</b>	<b>79.4</b>	<b>23.1</b>	<b>33.9</b>
Adj. Net debt/EBITDA(R)	x	-0.56	-0.31	-1.62
Interest cover (x)	x	-27.0	-12.5	-16.8

## Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-3.45</b>	<b>-8.67</b>	<b>-12.9</b>
Free cash flow yield	%	-23.1	-12.5	-7.95
P/Book	x	4.01	3.94	6.22
<b>Dividend yield</b>	<b>%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

Market cap	€th	9,512	11,468	13,229
+ 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	322	1,121
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	10,560	11,980	14,542
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-5.78</b>	<b>-11.7</b>	<b>-21.1</b>
EV/Sales	x	4.18	3.80	3.34

Analyst : Kevin Vo, Changes to Forecasts : 19/05/2021.