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Engineering-Heavy Constr. / France

Name change to highlight strategic shift

Significant news - 12/03/2020

While the weak environment impacts the oil & gas activities, the company maintains its strategic shift towards the renewables. The company will take the name of its current renewables division (Dolfines) and spin off its audit & inspection division. This should make the company more visible in the offshore wind market, which is now looking to develop its floater in partnership with a larger player.

Fact

- Expect FY19 sales above €6m
- Name change from Dietswell to Dolfines
- Spin off of the Audit and Inspection activities
- Sedlar rig divestment still ongoing

Analysis

FY19 preliminary sales are lower than our expectations (€7.2m), so we will subsequently adjust them. We will also lower our estimates for 2020, as the environment is particularly weak for the oil & gas industry. Exploration and production companies will revise their capex spending with a \$35 oil, affecting services companies negatively. However, the audit & inspection division should be more resilient than the pure exploration activities (e.g. seismic).

Dietswell/Dolfines will spin off the audit and inspection division (Factorig), in what could be a first step before a divestment. Operationally, the factorig division seems to be autonomous and we do not see a loss of synergies with such a transaction.

The focus remains on the offshore wind market. Dolfines now aims at co-developing the proprietary floater (Trussfloat) with a larger player.

Lastly, note that the company still expects to divest its Sedlar rig, as an outright sale, lease or provision with a maintenance contract.

Impact

We will adjust our estimates 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: 374%**

Target Price (6 months) € 1.61

Share Price € 0.34

Market Cap. €M 2.16

Price Momentum **NEGATIVE**

Extremes 12Months 0.34 ▶ 1.38

Bloomberg ALDIE FP Equity

Reuters ALDIE.PA



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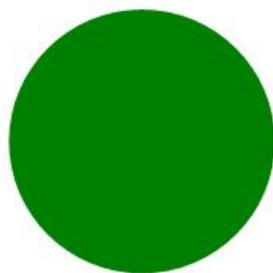


PERF	1w	1m	3m	12m
Dietswell	-33.1%	-50.9%	-63.7%	-65.7%
Capital Goods	-12.9%	-20.7%	-19.4%	-0.55%
STOXX 600	-13.8%	-21.5%	-18.0%	-10.8%

Last updated: 24/01/2020	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	-18.8	-8.90	-4.65	16.3
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	ns	-26.0	5.60	3.14
Adjusted EPS (€)	-0.05	-0.12	-0.07	0.02
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	7,149	7,200	8,775	21,875
EBIT margin (%)	10.7	-7.68	7.46	9.79
Attributable net profit (€th)	-282	-774	-613	219
ROE (after tax) (%)	-7.64	-21.9	-21.1	6.47
Gearing (%)	25.8	57.1	72.2	34.3

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

Sales by Geography



Other (100.0%)

Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	€th	7,149	7,200	8,775
Change in sales	%	5.54	0.71	21.9
Change in staff costs	%	4.85	6.16	6.33
EBITDA	€th	21.3	-363	927
EBITDA(R) margin	%	0.30	-5.05	10.6
Depreciation	€th			
Underlying operating profit	€th	-273	-713	542
Operating profit (EBIT)	€th	-250	-713	98.3
Net financial expense	€th	-29.3	-60.6	-501
of which related to pensions	€th		-5.70	-7.02
Exceptional items & other	€th	0.00	0.00	0.00
Corporate tax	€th	-2.45	0.00	-211
Equity associates	€th			
Minority interests	€th			
Adjusted attributable net profit	€th	-282	-774	-613
NOPAT	€th	-175	-495	73.7

Cashflow Statement

		12/18A	12/19E	12/20E
EBITDA	€th	21.3	-363	927
Change in WCR	€th	-144	0.00	500
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	-2.45	0.00	-211
Exceptional items	€th			
Other operating cash flows	€th	207		
Total operating cash flows	€th	82.0	-363	1,216
Capital expenditure	€th	-1,313	-500	-500
Total investment flows	€th	-1,449	-500	-2,500
Net interest expense	€th	-29.3	-60.6	-501
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	1,061	0.00	2,015
Total financial flows	€th	1,743	424	666
Change in cash position	€th	377	-439	-618
Free cash flow (pre div.)	€th	-1,260	-924	215

Per Share Data

		12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...	Th	6,364	6,364	8,379
Number of diluted shares (average)	Th	5,834	6,364	8,379
Benchmark EPS	€	-0.05	-0.12	-0.07
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 2.74	35%	● TechnipFMC
NAV/SOTP per share	€ 2.98	20%	● Saipem
EV/Ebitda	€ 0.16	20%	● Elecnor
P/E	€ 0.17	10%	● Ecoslops
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.17	5%	
TARGET PRICE	€ 1.61	100%	

NAV/SOTP Calculation

Balance Sheet

		12/18A	12/19E	12/20E
Goodwill	€th			
Total intangible	€th	2,942	3,092	3,207
Tangible fixed assets	€th	1,136	1,136	1,136
Financial fixed assets	€th			
WCR	€th	2,192	2,192	1,692
Other assets	€th	188	182	182
Total assets (net of short term liab.)	€th	6,655	6,800	6,416
Ordinary shareholders' equity	€th	4,076	2,975	2,823
Quasi Equity & Preferred	€th			
Minority interests	€th		0.00	0.00
Provisions for pensions	€th		328	333
Other provisions for risks and liabilities	€th	83.4	83.4	83.4
Total provisions for risks and liabilities	€th	83.4	411	416
Tax liabilities	€th	1,225	1,225	1,225
Other liabilities	€th	31.2	31.2	31.2
Net debt (cash)	€th	1,239	2,158	1,920
Total liab. and shareholders' equity	€th	6,655	6,800	6,416

Capital Employed

		12/18A	12/19E	12/20E
Capital employed after depreciation	€th	6,269	6,420	6,035

Profits & Risks Ratios

		12/18A	12/19E	12/20E
ROE (after tax)	%	-7.64	-21.9	-21.1
ROCE	%	-2.79	-7.71	1.22
Gearing (at book value)	%	25.8	57.1	72.2
Adj. Net debt/EBITDA(R)	x	58.3	-5.94	2.07
Interest cover (x)	x	-9.34	-13.0	1.10

Valuation Ratios

		12/18A	12/19E	12/20E
Reference P/E (benchmark)	x	-18.8	-8.90	-4.65
Free cash flow yield	%	-21.8	-13.4	7.56
P/Book	x	1.42	2.31	1.01
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/18A	12/19E	12/20E
Market cap	€th	5,784	6,881	2,849
+ Provisions	€th	83.4	411	416
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	1,239	2,158	1,920
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	7,107	9,450	5,185
EV/EBITDA(R)	x	ns	-26.0	5.60
EV/Sales	x	0.99	1.31	0.59

Analyst : Kevin Vo, Changes to Forecasts : 24/01/2020.