



# Drone Volt

Aersp. &amp; Defence Equipt. / France

## Another record year for sales

Latest - 15/02/2023

**Drone Volt published another year of record sales to €13.4m (+53%). It could have been much better without the impact from its US partner. Overall activity was driven by the contribution (€1m) of recently-acquired SKYTOOLS.**

### Fact

- Sales rose to €13.4m, an increase of 53%, on a non pro forma basis
- SKYTOOLS added €1m in FY22.
- Distribution of third-party kit has been the main contributor with €11.7m, an increase of 130% yoy.
- Drone Volt Factory (in house production) dropped by 53% yoy.
- Gross margin dropped by 14 points to reach 21% in FY22.
- 2023 should see the launch of LINEDRONE1 (specialised drone sold to HYDRO-QUEBEC) and Drone As a Service.

### Analysis

Drone Volt managed a turbulent 2022 by exceeding its objectives of €10m in sales, despite the already announced interruption of its licensing revenue from Aquiline Drone which has had an important impact on its revenues (c.€650k) as it now only focuses on the distribution of HERCULES 20 in the US. This shift in strategy has cost Drone Volt Factory 8-points of growth for FY22 and a revenue drop of 53% to €1.7m. This has logically resulted in a 48% decrease in the gross margin for Drone Volt Factory, to €1.06m. This side of the business only account for 38% of the total (71% in 2021).

Beyond these discounted pieces of bad news, a positive surprise comes from Drone Volt Factory's gross margin rate which increased by 5-points in 2022, driven by activities such as training and educating customers. These are very profitable for Drone Volt, with a 62% gross margin.

The total gross margin figure remained fairly stable at €2.8m, representing 21% of turnover, despite a drop of 14 points.

### 2023 looks promising

FY23 could be another record-breaking year in terms of sales for Drone Volt thanks to its innovations as it rolls out two of the most important products in its product portfolio: the Hercules 20 and the Heliplane. At the end of December 2022, Drone Volt announced the sale of four Hercules 20 (which have been fully paid before delivery). With its growing reputation in the industry thanks to its distribution business role and the efforts put into attending industry shows, FY23 looks well oriented.

The Hydro Quebec test of Linedrone, aimed at the checking of high voltage lines, looks successful so that 2023 deliveries will help raise the mix.

The use of Drones As a Service is expected to spark a surge of interest from professionals and expand the pool of new clients since it will allow customers to use drones at a reasonable price, tying up capital for occasional deployment.

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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>Buy</b>	<b>Upside: 344%</b>
Target Price (6 months)	€ 0.04
Share Price	€ 0.01
Market Cap. €M	3.56
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	0.01 ▶ 0.06
Sustainability score	5.8 /10
Credit Risk	C ↗
Bloomberg	ALDRV FP Equity
Reuters	ALDRV.PA

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PERF	1w	1m	3m	12m
Drone Volt	0.00%	-4.71%	-64.8%	-87.5%
Aerospace-Defence	2.89%	2.91%	12.8%	18.4%
STOXX 600	0.92%	2.18%	6.82%	0.31%

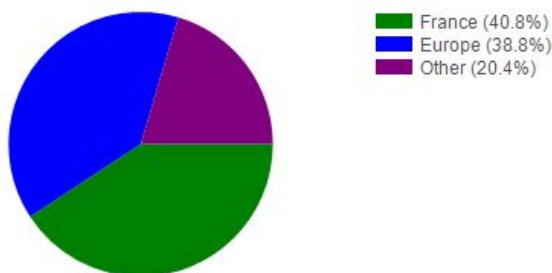
Last updated: 12/10/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	ns	-4.38	-1.36	-1.86
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-86.6	-10.2	-7.47	2.35
Adjusted EPS (€)	0.00	-0.01	-0.01	0.00
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	8,617	10,111	12,478	14,213
Other margin (%)	48.9	36.9	47.9	52.7
Attributable net profit (€th)	5,551	-3,413	-2,596	-1,897
ROE (after tax) (%)	19.5	-8.66	-6.38	-4.57
Gearing (%)	-6.87	-6.58	-7.13	-10.3

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## ■ Impact

Drone Volt's sales clearly beat our expectations of €10.1m FY22. The current strategy should yield further top-line growth this year, while the margin model will be reset with the annual results on 15 March. For now, we reiterate our Buy recommendation, assuming no further dilution of capital raising.

## Sales by Geography



## Consolidated P&L Accounts

		12/21A	12/22E	12/23E
Sales	€th	8,617	10,111	12,478
Change in sales	%	47.7	17.3	23.4
Change in staff costs	%	-9.54	40.0	2.00
EBITDA	€th	-808	-1,729	-328
<b>EBITDA(R) margin</b>	%	<b>-9.38</b>	<b>-17.1</b>	<b>-2.63</b>
Depreciation	€th			
Underlying operating profit	€th	-3,115	-4,560	-3,447
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-2,705</b>	<b>-4,644</b>	<b>-3,533</b>
Net financial expense	€th	172	-180	-209
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th	6,630		
Corporate tax	€th	1,276	1,224	949
Equity associates	€th			
Minority interests	€th	178	187	196
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-1,079</b>	<b>-3,413</b>	<b>-2,596</b>
NOPAT	€th	-2,181	-3,192	-2,413

## Cashflow Statement

		12/21A	12/22E	12/23E
EBITDA	€th	-808	-1,729	-328
Change in WCR	€th	-5,747	225	723
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	1,532	1,224	949
Exceptional items	€th			
Other operating cash flows	€th	-763	100	100
Total operating cash flows	€th	-5,786	-180	1,445
Capital expenditure	€th	-3,067	-3,159	-2,527
Total investment flows	€th	-7,359	-1,359	1,223
Net interest expense	€th	172	-180	-209
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	13,206	0.00	0.00
Total financial flows	€th	13,311	784	191
Change in cash position	€th	167	-755	2,859
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>-8,681</b>	<b>-3,519</b>	<b>-1,291</b>

## Per Share Data

		12/21A	12/22E	12/23E
No. of shares net of treas. stock (year...)	Th	365,758	435,100	435,100
Number of diluted shares (average)	Th	283,258	401,546	436,217
<b>Benchmark EPS</b>	<b>€</b>	<b>0.00</b>	<b>-0.01</b>	<b>-0.01</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	€ 0.03	35%	
NAV/SOTP per share	€ 0.12	20%	
EV/Ebitda	€ 0.00	20%	
P/E	€ 0.00	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.02	5%	
TARGET PRICE	€ 0.04	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/21A	12/22E	12/23E
Goodwill	€th	152	166	164
Total intangible	€th	6,371	6,913	7,143
Tangible fixed assets	€th	923	1,006	1,036
Financial fixed assets	€th			
WCR	€th	4,085	3,860	3,136
Other assets	€th	7,850	8,557	8,813
Total assets (net of short term liab.)	€th	35,751	39,867	39,864
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>39,151</b>	<b>39,654</b>	<b>41,783</b>
Quasi Equity & Preferred	€th			
Minority interests	€th	-1,155	-1,143	-1,132
Provisions for pensions	€th		0.00	0.00
Other provisions for risks and liabilities	€th	101	105	121
Total provisions for risks and liabilities	€th	101	105	121
Tax liabilities	€th	0.00	0.00	0.00
Other liabilities	€th	1,122	3,000	3,300
<b>Net debt (cash)</b>	<b>€th</b>	<b>-3,468</b>	<b>-1,749</b>	<b>-4,208</b>
Total liab. and shareholders' equity	€th	35,751	39,867	39,864

## Capital Employed

		12/21A	12/22E	12/23E
Capital employed after depreciation	€th	11,379	11,779	11,316

## Profits & Risks Ratios

		12/21A	12/22E	12/23E
<b>ROE (after tax)</b>	%	<b>19.5</b>	<b>-8.66</b>	<b>-6.38</b>
ROCE	%	-19.2	-27.1	-21.3
<b>Gearing (at book value)</b>	%	<b>-6.87</b>	<b>-6.58</b>	<b>-7.13</b>
Adj. Net debt/EBITDA(R)	x	4.29	1.01	12.8
Interest cover (x)	x	18.1	-25.4	-16.5

## Valuation Ratios

		12/21A	12/22E	12/23E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>ns</b>	<b>-4.38</b>	<b>-1.36</b>
Free cash flow yield	%	-12.4	-21.7	-36.6
P/Book	x	1.79	0.41	0.08
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/21A	12/22E	12/23E
Market cap	€th	70,109	16,212	3,524
+ Provisions	€th	101	105	121
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	-3,659	-1,950	-4,418
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th	44.0	242	208
+ Minority interests (fair value)	€th	3,465	3,430	3,430
= EV	€th	69,972	17,555	2,449
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-86.6</b>	<b>-10.2</b>	<b>-7.47</b>
EV/Sales	x	8.12	1.74	0.20

Analyst : Mickael Daponte, Changes to Forecasts : 12/10/2022.