



# Drone Volt

Aerosp. &amp; Defence Equipt. / France

## Q1 '25: A confirmed change in business model

Earnings/sales releases - 17/04/2025

Drone Volt unveiled promising results with a strong gross margin improvement that was not yet enough to compensate for the massive decline in revenue from the distribution segment. The group reiterated its guidance for 2025, which is reachable in our view, thanks to the strong order intake related to defence notably. Despite the recent impressive share price performance related to the broader defence names trend as well as an improved financial situation, we think the upside potential is not yet exhausted.

### Fact

Sales decreased by almost 79% to €1.9m (Q1 24: €8.9m) due to the reduction of its distribution activities, which were higher than our expectations (-90% to €0.8m vs -70% expected).

The gross result also fell, but by "only" 31% to €702k from €1.023m, resulting in a gross margin of 38%, a huge 27pp improvement thanks to the improved mix towards higher margin services activities, notably (57% gross margin for Drone Volt Factory, Services and Academy).

The company reiterated its objective of becoming EBITDA positive in 2025.

### Analysis

#### Big slash in distribution marks new era

The sales stemming from Drone Volt Factory, Services and Academy exceeded for the first time those from Distribution, due to its strong growth (+61% to €1.055m) as well as the disengagement from distribution activities. We should see an accentuation of this trend going forward as the order intake from defence players is growing, as shown by the Hercules 20 orders from the Marine National and a defence group which are not accounted for in Q1 25 results.

This new situation is resulting in a better gross margin than two years ago, when the revenue level was similar at €1.6m, but the gross result is nearly twice the amount registered in Q1 23 (€702k vs €327k).

#### Secured financing

The group also managed to secure financing thanks to the indirect impact of the election of Donald Trump, which has underlined the necessity for Europe to rely on local providers such as Drone Volt for its own defence and thus attracted new investors. The group successfully raised €2m in February followed by €5m in March, enabling the early repayment of the €2m convertible bonds mostly in cash, while leaving a cushion for funding its growth in new activities. Although there has been some dilution along the way, the future of the company is now safer, especially with the profitability prospects ahead.

#### Unchanged Outlook

The company reiterated its objective of becoming EBITDA positive in 2025, which is likely given the current trend seen at the gross margin level that should progressively reach the 50%+ level with the improvement in revenue mix. The growth in high-margin activities could accelerate further thanks to new orders in defence/security sectors, around the world and even in the US now that Chinese

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### Buy Upside: 59.7%

Target Price (6 months)	€ 0.94
Share Price	€ 0.59
Market Cap. €M	31.8
Price Momentum	<b>STRONG</b>
Extremes 12 Months	0.24 ▶ 0.82
Sustainability score	5.1 /10
Credit Risk	C ↗
Bloomberg	ALDRV FP Equity
Reuters	ALDRV.PA

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PERF	1w	1m	3m	12m
Drone Volt	29.1%	-10.6%	75.1%	-21.0
Aerospace-Defence	8.48%	-7.70%	19.6%	31.5
STOXX 600	7.92%	-7.96%	-2.49%	1.78

Last updated: 31/03/2025	12/23A	12/24E	12/25E	12/26E
Adjusted P/E (x)	-2.39	-1.07	-6.56	9.48
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-11.4	-8.19	ns	4.68
Adjusted EPS (€)	-0.53	-0.59	-0.09	0.06
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	23,993	32,662	18,174	27,071
Other margin (%)	15.3	13.0	40.1	50.8
Attributable net profit (€th)	-5,329	-	-3,570	3,351
ROE (after tax) (%)	-26.3	-59.3	-16.6	12.4
Gearing (%)	16.1	29.3	9.06	-11.8

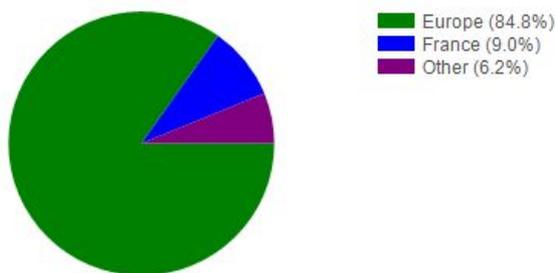
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drone makers are now forbidden there, thus effectively opening a market opportunity for Drone Volt with its Drone Volt (European made) after the new distribution agreement signed in the US.

### ■ Impact

We will slightly adjust our forecasts downwards on the distribution segment, which is declining faster than we expected, but this should not heavily affect our target price.

## Sales by Geography



## Consolidated P&L Accounts

		12/23A	12/24E	12/25E
Sales	€th	23,993	32,662	18,174
Change in sales	%	74.7	36.1	-44.4
Change in staff costs	%	29.6	20.0	7.10
EBITDA	€th	-2,245	-3,095	227
<b>EBITDA(R) margin</b>	%	<b>-9.36</b>	<b>-9.48</b>	<b>1.25</b>
Depreciation	€th			
Underlying operating profit	€th	-4,816	-6,717	-2,795
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-5,286</b>	<b>-7,143</b>	<b>-3,232</b>
Net financial expense	€th	-211	-3,589	-619
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th			
Corporate tax	€th	-544	-2,184	-784
Equity associates	€th			
Minority interests	€th	712	1,015	1,066
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-5,329</b>	<b>-11,901</b>	<b>-3,570</b>
NOPAT	€th	-3,612	-5,038	-2,096

## Cashflow Statement

		12/23A	12/24E	12/25E
EBITDA	€th	-2,245	-3,095	227
Change in WCR	€th	-1,792	3,310	914
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	534	-2,184	-784
Exceptional items	€th			
Other operating cash flows	€th	-844	100	100
Total operating cash flows	€th	-4,347	-1,869	458
Capital expenditure	€th	-4,351	-3,916	-3,524
Total investment flows	€th	-5,088	-3,916	-3,524
Net interest expense	€th	-211	-3,589	-619
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	5,889	6,625	12,000
Total financial flows	€th	8,629	5,394	8,381
Change in cash position	€th	-806	-390	5,314
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>-8,909</b>	<b>-9,373</b>	<b>-3,686</b>

## Per Share Data

		12/23A	12/24E	12/25E
No. of shares net of treas. stock (year...	Th	15,017	25,519	53,854
Number of diluted shares (average)	Th	9,993	20,268	39,686
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.53</b>	<b>-0.59</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	€ 1.32	35%	
NAV/SOTP per share	€ 1.07	20%	
EV/Ebitda	€ 0.88	20%	
P/E	€ 0.30	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 1.18	5%	
TARGET PRICE	€ 0.94	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/23A	12/24E	12/25E
Goodwill	€th	685	706	727
Total intangible	€th	9,918	10,453	11,017
Tangible fixed assets	€th	1,342	1,382	1,424
Financial fixed assets	€th			
WCR	€th	1,736	-1,574	-2,489
Other assets	€th	5,403	5,565	5,732
Total assets (net of short term liab.)	€th	24,106	21,592	21,510
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>22,706</b>	<b>17,432</b>	<b>25,584</b>
Quasi Equity & Preferred	€th			
Minority interests	€th	-2,704	-2,677	-2,650
Provisions for pensions	€th	63.0	0.00	0.00
Other provisions for risks and liabilities	€th	292	336	386
Total provisions for risks and liabilities	€th	355	336	386
Tax liabilities	€th	0.00	0.00	0.00
Other liabilities	€th	23.0	25.3	27.8
<b>Net debt (cash)</b>	<b>€th</b>	<b>3,728</b>	<b>6,476</b>	<b>-1,838</b>
Total liab. and shareholders' equity	€th	24,108	21,592	21,510

## Capital Employed

		12/23A	12/24E	12/25E
Capital employed after depreciation	€th	12,996	10,261	9,952

## Profits & Risks Ratios

		12/23A	12/24E	12/25E
<b>ROE (after tax)</b>	%	<b>-26.3</b>	<b>-59.3</b>	<b>-16.6</b>
ROCE	%	-27.8	-49.1	-21.1
<b>Gearing (at book value)</b>	%	<b>16.1</b>	<b>29.3</b>	<b>9.06</b>
Adj. Net debt/EBITDA(R)	x	-1.82	-2.20	-6.40
Interest cover (x)	x	-22.8	-1.87	-4.51

## Valuation Ratios

		12/23A	12/24E	12/25E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-2.39</b>	<b>-1.07</b>	<b>-6.56</b>
Free cash flow yield	%	-46.6	-58.3	-11.6
P/Book	x	0.84	0.92	1.24
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/23A	12/24E	12/25E
Market cap	€th	19,123	16,078	31,774
+ Provisions	€th	355	336	386
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	3,676	6,421	-1,895
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th	208	177	
+ Minority interests (fair value)	€th	2,704	2,677	2,650
= EV	€th	25,649	25,336	32,915
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-11.4</b>	<b>-8.19</b>	<b>ns</b>
EV/Sales	x	1.07	0.78	1.81

Analyst : Alexandre Desprez, Changes to Forecasts : 31/03/2025.