



# Drone Volt

Aerosp. &amp; Defence Equipt. / France

## Q3 21: strong contract execution, as promised

Earnings/sales releases - 20/10/2021

Drone Volt has announced strong growth in Q3 due to the positive execution of its contracts with Aquiline Drones. Its ramp-up of H2 drones is the reason for this growth, which is expected to accelerate in Q4. Our guidance remains unchanged.

### Fact

- 9-month revenues stood at €6,334k, a 92% increase yoy.
- 9-month Drone Volt Factory revenues reached €2,850k, a 123% increase yoy.
- 9-month gross margin increased to 35%, a 7-point yoy increase, due to Drone Volt Factory's gross margin which increased by 13 points yoy.
- Q4 expected above Q3 in both sales and margins.

### Analysis

#### Aquiline Drones H2 contract bearing its fruits

Q3 was expected to be the start of the execution of the 600 H2 drones contract with Aquiline Drones. Indeed, this is advancing according to plan, with 204 H2 drones delivered in Q3. The ramp-up of production is expected to accelerate in Q4, with a 50% increase in the production rate per week. We expect Drone Volt to complete its contract by Q4, which should be a record quarter in sales for the company.

#### Other contracts still on hold

First, the other mega contract from Aquiline Drones concerning the H10 and H20 drones has still not been addressed. We believe Q4 will be the start of the execution of this contract, which should be lucrative for Drone Volt.

Secondly, the contract from a Central European customer on the H20 Spray drones has not led to any deliveries in Q3. The customer has pushed back the orders, though none have been cancelled at this point. This is due to the still strict COVID-19 restrictions that apply in this region. We believe that the absence of deliveries at this stage is worrying, as the delivery target of 275 H20 drones seems more and more distant. We will revise our estimates downwards regarding this contract.

#### Still searching for future acquisitions

Drone Volt has announced it has not come to an agreement with Skycorp. This partnership's objective was to combine Skycorp's hydrogen technologies with Drone Volt's drones which would have various benefits on their capacities (longer autonomy, faster recharge time and better environmental impact). Nevertheless, Drone Volt is still searching actively for potential targets to improve its technology portfolio thanks to its strong financial position.



**Romain PIERREDON**  
[aerospacedefence@alphavalue.eu](mailto:aerospacedefence@alphavalue.eu)  
 +33 (0) 1 70 61 10 50  
[cs.alphavalue.com](http://cs.alphavalue.com)

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: 111%</b>
Target Price (6 months)	€ 0.26
Share Price	€ 0.12
Market Cap. €M	32.3
Price Momentum	<b>NEGATIVE</b>
Extremes 12Months	0.12 ▶ 0.39
Sustainability score	3.9 /10
Credit Risk	CCC ↗
Bloomberg	ALDRV FP Equity
Reuters	ALDRV.PA

[Download Full Analysis](#) [Company Page](#)



PERF	1w	1m	3m	12m
Drone Volt	-0.57%	-18.8%	-28.1%	-61.4%
Aerospace-Defence	-1.39%	3.01%	9.59%	46.0%
STOXX 600	2.49%	1.46%	5.47%	27.7%

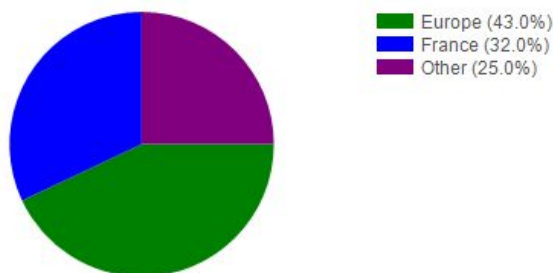
Last updated: 24/09/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-3.14	ns	20.4	10.0
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-12.1	-10.1	-5.30	-2.52
Adjusted EPS (€)	-0.05	0.00	0.01	0.01
Growth in EPS (%)	n/a	n/a	n/a	104
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	5,836	11,532	15,806	18,769
Other margin (%)	29.3	46.3	50.8	61.2
Attributable net profit (€th)	-6,393	6,232	1,569	3,256
ROE (after tax) (%)	-47.6	30.3	6.52	12.3
Gearing (%)	8.95	-35.1	-61.9	-62.1

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

## ■ Impact

The positive execution of its H2 contract shows that Drone Volt is keeping its promises, with a Q4 that is expected to be better than Q3. In addition, Q4 might be the milestone of the first LineDrone delivery, which would lead to potential upside due to the high price of the latter. However, we will have to decrease our estimates for FY21, as the H20 and H10 contracts have been postponed again. This does not change the mid-term potential of Drone Volt, as there have been no cancellations up to date, and we reiterate our Buy recommendation.

## Sales by Geography



## Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	€th	5,836	11,532	15,806
Change in sales	%	-17.9	97.6	37.1
Change in staff costs	%	-5.12	5.40	17.0
EBITDA	€th	-2,065	1,078	3,217
<b>EBITDA(R) margin</b>	<b>%</b>	<b>-35.4</b>	<b>9.35</b>	<b>20.4</b>
Depreciation	€th			
Underlying operating profit	€th	-4,189	-1,474	1,784
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-8,181</b>	<b>-774</b>	<b>1,491</b>
Net financial expense	€th	-673	-341	-266
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th		6,500	
Corporate tax	€th	2,209	278	-306
Equity associates	€th			
Minority interests	€th	252	569	650
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-6,393</b>	<b>-268</b>	<b>1,569</b>
NOPAT	€th	-2,932	-1,032	1,249

## Cashflow Statement

		12/20A	12/21E	12/22E
EBITDA	€th	-2,065	1,078	3,217
Change in WCR	€th	1,685	245	-62.0
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	2,209	278	-306
Exceptional items	€th			
Other operating cash flows	€th	-991	-286	-225
Total operating cash flows	€th	838	1,315	2,624
Capital expenditure	€th	-1,810	-1,995	-1,955
Total investment flows	€th	-8,992	5,505	-1,955
Net interest expense	€th	-673	-341	-266
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	8,590	6,178	1,000
Total financial flows	€th	13,967	2,537	2,734
Change in cash position	€th	5,812	9,357	3,403
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>-1,645</b>	<b>-1,021</b>	<b>403</b>

## Per Share Data

		12/20A	12/21E	12/22E
No. of shares net of treas. stock (year...	Th	198,523	259,963	264,509
Number of diluted shares (average)	Th	131,321	230,360	263,353
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.05</b>	<b>0.00</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	€ 0.37	35%	● KUKA
NAV/SOTP per share	€ 0.29	20%	
EV/Ebitda	€ 0.24	20%	
P/E	€ 0.08	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.24	5%	
TARGET PRICE	€ 0.26	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/20A	12/21E	12/22E
Goodwill	€th	152	150	149
Total intangible	€th	5,477	5,376	5,554
Tangible fixed assets	€th	743	1,130	1,268
Financial fixed assets	€th			
WCR	€th	1,360	1,115	1,177
Other assets	€th	7,656	7,120	6,622
Total assets (net of short term liab.)	€th	19,985	20,849	21,035
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>17,640</b>	<b>23,482</b>	<b>24,663</b>
Quasi Equity & Preferred	€th			
Minority interests	€th	-129	7,100	7,010
Provisions for pensions	€th		0.00	0.00
Other provisions for risks and liabilities	€th	244	281	323
Total provisions for risks and liabilities	€th	244	281	323
Tax liabilities	€th	0.00	0.00	0.00
Other liabilities	€th	4,141	4,555	5,011
<b>Net debt (cash)</b>	<b>€th</b>	<b>-1,911</b>	<b>-14,568</b>	<b>-15,971</b>
Total liab. and shareholders' equity	€th	19,985	20,849	21,035

## Capital Employed

		12/20A	12/21E	12/22E
Capital employed after depreciation	€th	7,580	7,621	7,999

## Profits & Risks Ratios

		12/20A	12/21E	12/22E
<b>ROE (after tax)</b>	<b>%</b>	<b>-47.6</b>	<b>30.3</b>	<b>6.52</b>
ROCE	%	-38.7	-13.5	15.6
<b>Gearing (at book value)</b>	<b>%</b>	<b>8.95</b>	<b>-35.1</b>	<b>-61.9</b>
Adj. Net debt/EBITDA(R)	x	0.93	-13.5	-4.96
Interest cover (x)	x	-6.22	-4.32	6.70

## Valuation Ratios

		12/20A	12/21E	12/22E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-3.14</b>	<b>ns</b>	<b>20.4</b>
Free cash flow yield	%	-5.41	-3.22	1.25
P/Book	x	1.72	1.35	1.31
<b>Dividend yield</b>	<b>%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/20A	12/21E	12/22E
Market cap	€th	30,389	31,664	32,217
+ Provisions	€th	244	281	323
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	-2,172	-14,842	-16,259
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th	3,898	6,712	12,305
+ Minority interests (fair value)	€th	387	-21,300	-21,030
= EV	€th	24,949	-10,910	-17,054
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-12.1</b>	<b>-10.1</b>	<b>-5.30</b>
EV/Sales	x	4.28	-0.95	-1.08

Analyst : Romain Pierredon, Changes to Forecasts : 24/09/2021.