ALPHAVALUE
CORPORATE SERVICES

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Engineering-Heavy Constr.
France

Dolfines

Acquisitions and new management ensure growth but financing still a headache

Opinion	**Add**
Upside (%)	24.7
Price (€)	0.00
Target Price (€)	0.00
Bloomberg Code	ALDOL FP
Market Cap (€M)	9.63
Enterprise Value (€th)	11,649

Momentum	STRONG
Sustainability	5/10
Credit Risk	CCC↗

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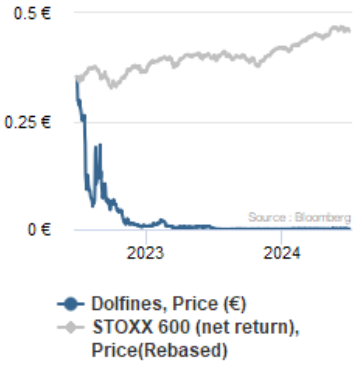


PROS

- 8.2 France (wind services) will reduce the group's exposure to oil price fluctuations and lower its cyclicality
- Floating offshore wind is a >200GW (by 2050) mostly untapped market in which Dolfines can contribute its extensive off-shore know-how and experience
- Oil & gas activities see a rebound in 2022 and supported by high oil prices

CONS

- Client concentration and project delays can have a large impact on a small company
- In the floating offshore wind market, Dolfines' main competitors are several years ahead in terms of developments
- The increased size of future offshore wind auctions could restrain small players' access to market

KEY DATA	12/21A	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	**-7.65**	**-7.03**	**-7.99**	**ns**	**23.8**
Dividend yield (%)	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
EV/EBITDA(R) (x)	-11.2	-43.4	-47.2	28.2	8.85
Adjusted EPS (€)	**-0.08**	**-0.03**	**0.00**	**0.00**	**0.00**
Growth in EPS (%)	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Dividend (€)	0.00	0.00	0.00	0.00	0.00
Sales (€th)	4,392	7,650	7,817	9,833	14,304
EBIT margin (%)	*-29.7*	*-13.3*	*-12.8*	*3.02*	*7.65*
Attributable net profit (€th)	-1,558	-3,996	-2,392	-110	405
ROE (after tax) (%)	**-81.8**	**-181**	**-104**	**-5.42**	**12.7**
Gearing (%)	*168*	*81.1*	*117*	*94.8*	*36.4*

Conflicts of interest

Corporate broking	No
Trading in corporate shares	No
Analyst ownership	No
Advice to corporate	Yes
Research paid for by corporate	Yes
Corporate access	No
Brokerage activity at AlphaValue	No
Client of AlphaValue Research	No

Dolfines (Add)

Detailed financials at the end of this report

Key Ratios

		12/22A	12/23E	12/24E	12/25E
Adjusted P/E	x	-7.03	-7.99	ns	23.8
EV/EBITDA	x	-43.4	-47.2	28.2	8.85
P/Book	x	18.2	23.4	3.88	2.48
Dividend yield	%	0.00	0.00	0.00	0.00
Free Cash Flow Yield	%	-7.85	-7.10	-3.47	2.19
ROE (after tax)	%	-181	-104	-5.42	12.7
ROCE	%	-24.2	-17.2	0.51	10.3
Net debt/EBITDA	x	-0.81	-3.17	4.89	0.69

Consolidated P&L

		12/22A	12/23E	12/24E	12/25E
Sales	€th	7,650	7,817	9,833	14,304
EBITDA	€th	-1,280	-846	413	1,180
Underlying operating profit	€th	-1,596	-1,192	37.2	774
Operating profit (EBIT)	€th	-1,596	-1,192	37.2	774
Net financial expenses	€th	-2,400	-1,200	-136	-136
Pre-tax profit before exceptional items	€th	-3,996	-2,392	-99.3	637
Corporate tax	€th	0.00	0.00	-11.2	-232
Attributable net profit	€th	-3,996	-2,392	-110	405
Adjusted attributable net profit	€th	-4,176	-2,392	-110	405

Cashflow Statement

		12/22A	12/23E	12/24E	12/25E
Total operating cash flows	€th	-1,280	-846	402	948
Capital expenditure	€th	-600	-600	-600	-600
Total investment flows	€th	-600	-600	-600	-600
Dividends (parent company)	€th				
New shareholders' equity	€th	4,000	1,000	1,000	1,000
Total financial flows	€th	1,600	-200	864	864
Change in net debt position	€th	-280	-1,646	666	1,211
Free cash flow (pre div.)	€th	-4,280	-2,646	-334	211

Balance Sheet

		12/22A	12/23E	12/24E	12/25E
Goodwill	€th				
Total intangible	€th	3,860	4,114	4,338	4,532
Tangible fixed assets	€th	24.3	24.3	24.3	24.3
WCR	€th	1,071	1,071	1,071	1,071
Total assets (net of short term liabilities)	€th	6,289	6,543	6,767	6,961
Ordinary shareholders' equity (group share)	€th	2,990	1,593	2,483	3,888
Provisions for pensions	€th		0.00	0.00	0.00
Net debt / (cash)	€th	1,040	2,686	2,020	809
Total liabilities and shareholders' equity	€th	6,294	6,543	6,767	6,961
Gross Cash	€th	2,560	914	1,580	2,791
Off B/S business guarantees given	€th	405	405	405	405
Contingent considerations	€th	150	150	150	150

Per Share Data

		12/22A	12/23E	12/24E	12/25E
Adjusted EPS (bfr gwill amort. & dil.)	**€**	**-0.03**	**0.00**	**0.00**	**0.00**
Net dividend per share	**€**	**0.00**	**0.00**	**0.00**	**0.00**
Free cash flow per share	€	-0.03	0.00	0.00	0.00
Book value per share	€	0.01	0.00	0.00	0.00
Number of diluted shares (average)	**Th**	**132,462**	**4,936,697**	**9,627,615**	**9,626,615**

Contents

Businesses & Trends

Dolfines (formerly Dietswell) is an engineering contractor to the energy sector (oil, gas, renewables). It has an expertise in offshore and onshore drilling, with a presence in seven countries since 2000 and c.50 employees.

It is a flexible company with technical knowledge that can provide cost-effective solutions to its clients along the complete drilling value chain. Engineers (Solutions and Contracting divisions), located at the headquarters, assist clients in design and engineering projects; and the workforce abroad (Factorig and Services divisions) ensures rig performance and technical assistance.

As part of its diversification strategy, Dolfines is using its competencies gained in offshore activities to design and develop an offshore floater for wind turbines. This is not the first time an oil and gas contractor has moved to offshore wind (e.g. subsea 7) and Dolfines' long track record in offshore drilling should prove to have an edge over companies specialised in onshore wind as it has transferable skills and is used to tight capital spending.

Being an asset-light company, it managed to weather the 2014-17 oil crisis (which extended into 2018 for oil services companies) by reducing its cost base significantly (overhead costs were down 35% between 2014 and 2018), with the audit and inspection divisions keeping the company afloat while research and development was geared towards renewable energies.

In this report, we successively address the oil & gas activities first, followed by the New Energies segment.

Oil & Gas activities

Dolfines operates three main activities in oil & gas:

1. Audit & Inspection (Factorig);
2. Technical assistance;
3. Engineering & Technologies

In practice this means Dolfines is focused on activities that are closer to production rather than to exploration, which are deemed less volatile in the upstream value chain:

Oil prices support drilling activity

More than the type of drilling done, what matters to Dolfines is the drilling intensity in the regions it is implemented. The company has expertise in both

offshore and onshore drilling. It gives it the flexibility to perform many different tasks throughout the whole project cycle.

As a contractor focused on exploration and production, Dolfines' activities depend largely on oil companies' capital spending and drilling activity. The downturn in oil prices during 2014 and 2017 had a large impact on its order book, and so did the 2020 downturn.

The international rig count (excluding North America) seems to be a good proxy to assess Dolfines' activity in its traditional businesses. As a small company competing for contracts that can occupy a large share of the workforce, the results will be volatile, and timing will be impacted by operational constraints and delays in the advancement of the project.

Worldwide rig count (excluding North America)

Source: Baker Hughes

As a result of the plunging oil prices, drilling receded sharply in the first half of 2020. The situation is improving with the increasing oil price.

New Energies

Based its strong experience in the design, construction and operation of floating platforms in the offshore oil and gas industry, Dolfines is designing a semi-submersible float able to support 15MW of offshore wind turbines. We address its potential and market in this section.

Offshore wind a perfect fit for cheap and clean energy

Global warming, increased air pollution and rising public awareness of climate change have pushed politicians to plan ways of progressively reducing the world's dependency on fossil-fuel energy. Of all the alternatives, wind, solar and hydro have been the preferred sources of energy as their scale and design allow for utility-sized production at reasonable costs. However, building new hydro-power plants proves increasingly challenging in developed economies,

onshore wind developers find it difficult to convince neighbourhood associations to accept high capacity wind turbines, while the scarcity of suitable land plots start to slow the development of major solar projects. For these reasons, offshore wind is considered as a huge opportunity, able to solve many issues other renewables are facing, while offering several Terawatts of low-cost capacity.

Unsubsidised levelised cost of energy comparison

Source: Lazard, LCOE 15.0, 2021

Today, around 30-40GW of capacity has been installed offshore, while we estimate the global technically-exploitable potential to range between 3,500 and 5,000GW. Considering that 80% of the world's total offshore wind resources is blowing above waters too deep for anchored turbines (depth above 40m), floating offshore wind turbines offer a huge, mostly-untouched potential for coastal countries.

Growth is expected to be supported by a drastic cut in costs per MWh, similar to the fixed offshore industry, where costs have declined to c. €80/MWh. Cost drivers will include higher turbine capacity, higher load factors compared to fixed turbines, decreasing cost of financing and the increased scale of wind farms (more information on this topic in the Worth Knowing section). Regulation is set to be another important driver as subsidies will be needed to boost the industry during its infancy. Engineering will also rein in the launch of the sector as new standards have to be set to meet slightly narrower technical requirements inherent to mobile structures.

The first pilot project – the Hywind wind farm – is owned by Equinor and located off the Scottish coast. It has already delivered encouraging results, and is the best performing farm in the UK, with load factors above 55% (vs an average of around 40% in UK).

Market size

As of the end of 2021, the total installed capacity was estimated at below 100MW globally, of which 30MW from the Hywind wind farm. Other pilot projects were launched in Norway (2.3MW), Portugal (2MW), Japan (14MW) and France (2MW). In the mid-term, we expect the total floating wind installed capacity to reach c.3GW. We expect this number to climb to c.12GW by 2030. Our forecasts are broadly consistent with research studies (Global Wind

Energy Council sees 16GW by 2030) as well as corporates' stated outlook (e.g. Equinor). Note that this can be viewed as conservative given some countries' stated objectives like France's 6GW target by 2030. The strong growth should nonetheless happen in the next decade (Carbontrust sees 70GW by 2040) with a c. 20% CAGR.

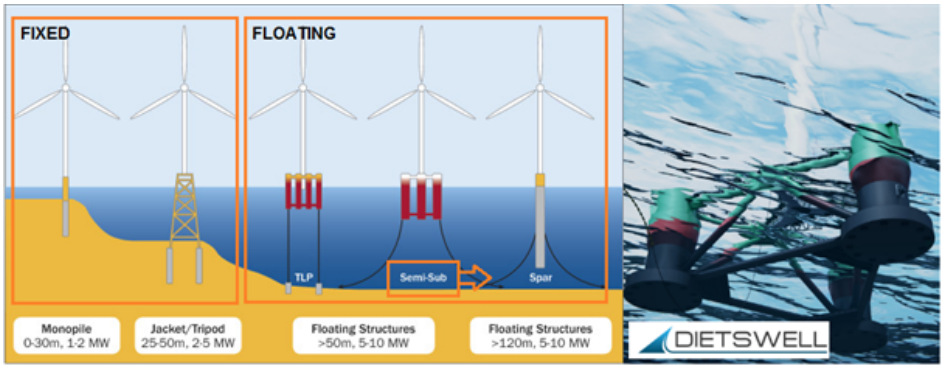
Competition

The Dolfines design is a steel semi-submersible structure with no active ballast and a centred turbine (see below). The total structure is relatively light weight (c.2,200 tons) and only needs limited maintenance due to steel's innate robustness.

Competitors include BW Ideol, with its ring-shaped concrete structure and, more importantly, the US-based Principle Power Inc. PPI has developed a triangular-shaped floating wind turbine foundation (WindFloat). The company is in a more advance stage as it has already been built, tested and decommissioned its first 2MW prototype between 2011 and 2016 and plans several new projects in Europe.

Competition also comes from other designs, such as tension leg platforms or TLPs (Glosten, DBD Systems, Iberdrola) or simple spar buoys like the ones used at the Hywind wind farm in Scotland (Equinor). However, even if some markets such as Japan or Norway have waters that are deep enough to install spar buoys, semi-submersible structures should prevail in most instances as their flexibility allows them to adapt to almost any site's characteristics.

Dolfines's design vs competitors ones



Other end markets

The oil services industry could be another driver for floating wind turbines as small-to-medium size floating wind farms could be used both economically and environmentally to power offshore oil & gas drilling and production installations. Depending on wind speeds, these kinds of installations could result in a wind energy penetration of 30-40%, the rest of the supply being provided by gas turbines, which are commonly used to power this kind of platform. Besides lower gas consumption, savings can be made at the emission tax level.
The first project of this kind currently intended consists of 11 floating turbines aimed at providing c.35% of the power needed by Equinor's Gullfaks and Snore oilfields.

The size of the market is particularly hard to call, given the variety of influencing factors (distance from shore, winds speeds, technology costs, gas prices, emission taxes). For now, the market is still in its infancy. In this upcoming market, Dolfines is already active and landed a contract for a preliminary study in H2 18.

8.2 France

In 2021, Dolfines acquired 8.2 France, a specialist in wind services. We expect 8.2 France to perform recurring activities around the lifetime of the wind turbine (e.g. technical inspection of rotor blades), which will help in mitigating the volatile oil & gas environment.
8.2 France started a three-year contract for an offshore wind farm (Parc éolien de Guérande, Saint-Nazaire), possibly leveraging on the partnership with Dolfines, as this was 8.2 France's first contract in offshore wind.

Divisional Breakdown Of Revenues

	Sector	12/22A	12/23E	12/24E	12/25E	Change 23E/22		Change 24E/23E	
						€th	of % total	€th	of % total
Total sales		**7,650**	**7,817**	**9,833**	**14,304**	**167**	**100%**	**2,016**	**100%**
Services	Engineering-Heavy Constr.	2,000	1,800	2,500	4,000	-200	-120%	700	35%
Factorig	Engineering-Heavy Constr.	2,390	3,100	3,500	6,000	710	425%	400	20%
Solutions	Engineering-Heavy Constr.	130	100	600	500	-30	-18%	500	25%
Contracting	Engineering-Heavy Constr.	0.00	0.00	0.00	0.00	0	0%	0	0%
New Energies	Engineering-Heavy Constr.	3,130	2,817	3,233	3,804	-313	-187%	416	21%
Other									

Key Exposures

	Revenues	Costs	Equity
Dollar	0.0%	0.0%	0.0%
Emerging currencies	5.0%	5.0%	0.0%
Long-term global warming	0.0%	0.0%	0.0%

Sales By Geography

Other	100.0%

We address exposures (eg. how much of the turnover is exposed to the $) rather than sensitivities (say, how much a 5% move in the $ affects the bottom line). This is to make comparisons easier and provides useful tools when extracting relevant data.
Actually, the subject is rather complex on the ground. The default position is one of an investor managing in €. An investor in £ will obviously not react to a £ based stock trading partly in € as would a € based investor. In addition, certain circumstances can prove difficult to unravel such as for eg. a € based investor confronted to a Swiss company reporting in $ but with a quote in CHF... Sales exposure is probably straightforward but one has to be careful with deep cyclicals. Costs exposure is a bit less easy to determine (we do not allow for hedges as they can only be postponing the day of reckoning). How much of the equity is exposed to a given subject is rarely straightforward but can be quite telling
In addition, subjects are frequently intertwined. A $ exposure may encompass all revenues in $ pegged currencies and an emerging currency exposure is likely to include $ pegged currencies as well.
Exposure to global warming issues is frequently indirect and may require to stretch a bit imagination.

Money Making

Dolfines has two divisions which ensure most of the current revenue (Factorig and Services), another two divisions which are lumpier and more dependent on exploration and production spending (Solutions and Contracting), and one wild card division with high growth potential (New Energies). Lastly, 8.2 France, now part of Dolfines, has shown strong growth in recent years and is supported by the dynamic wind market.

Oil & Gas
Services

The company has a vast network of qualified manpower that it can send to production sites around the world on an individual basis or as a multidisciplinary team. Customers are exploration and production companies and larger oil and gas services companies. Typically, the customer will contract the workforce for a specific mission, but Dolfines also has several multi-year agreements with long-standing clients.

Providing a technical workforce is a high volume, low margin business. Contractual prices for assistance and temporary manpower are competitive in the oil and gas industry and this is a fragmented market with low barriers to entry. EBIT margins can reach 6-7%, higher than generalists in workforce solutions (Adecco has an EBIT margin of c.4.5%), reflecting the specialised talents Dolfines can provide.

Dolfines uses its network and technical knowledge to allocate its team around the various projects in which it is working on. A higher number of contracts allows for optimisation of manpower and usually improves margins when talents are in demand. The strength of Dolfines in this activity is its ability to recruit talent on a timely basis (and avoiding costly inter-contracts).

We expect the trend in manpower outsourcing to continue in oil and gas, especially on operational activities, due to the nature of exploration and production which requires specific competencies at each step of the project.

Factorig

Dolfines is an independent third-party rig and QHSE (quality, health, system, and environment) auditor. It assists oil and gas contractors in reducing their operational risks. Works include full condition surveys once the rig has been delivered to the client, rig inspection during operation, inspection of new equipment prior to its integration, etc. The Factorig division is based in Abu Dhabi and has a strong presence in the Middle East.

The company can recertify blow-out preventers (BOP). It has both ISO9001 and API Q2 certifications, which are crucial quality management system requirements for contractors. A BOP is some safety equipment which is used to hold well pressure and prevent uncontrolled flow.

Inspecting and auditing a rig is a recurring business that occurs throughout the whole lifespan of the asset:

In addition to rig inspection, the company can also recertify BOPs from Shenkai.

The BOP recertification market is a good addition to the Factorig division. Safety regulations have increased after the Macondo oil spill in 2010, at which the BOP failed, with BOPs recertification occurring every five years. BOP manufacturers are strongly incentivised to stick to safety requirements. As a reminder, Cameron International Corp, the BOP manufacturer for Macondo well, agreed to a $250m settlement with BP in 2011.

Good execution from Dolfines on the Shenkai BOPs could give them access to partnerships with additional BOP manufacturers.

The Factorig division operates in a niche market where EBIT margins could be c. 20% in an upcycle, with customers that are not likely to switch from one contractor to another. The recurrence of the activity associated with customer retention gives audit and inspection a singular and attractive feature within oil services.

Solutions & Contracting
Dolfines is at heart a firm of engineers and has a good track record, with projects realised for various contractors (mainly European and Middle Eastern companies).

Contracting: Dolfines provides project management and services throughout the whole lifespan of a rig. It is focused mainly on complex drilling operations, using the expertise of its other divisions to offer an integrated solution to its clients.

Solutions: This is Dolfines' engineering unit. The company has been involved in many projects, including the designs of rigs that required ad hoc specifications and studies on modular cluster rigs. It also has expertise in offshore with designs done on jack-up rigs, tender-assisted drilling barges and swamp barges. The Solutions division also offers technical support to the Factorig and Services divisions.

Its size makes it less vulnerable to bigger engineering firms (such as Technip Energies and Saipem) as it will compete for smaller projects and will typically serve those contractors when it can bring its expertise (such as rig reactivation services).

There is also hidden value with having the engineering division located at the headquarters and providing technical support to the units abroad. For instance,

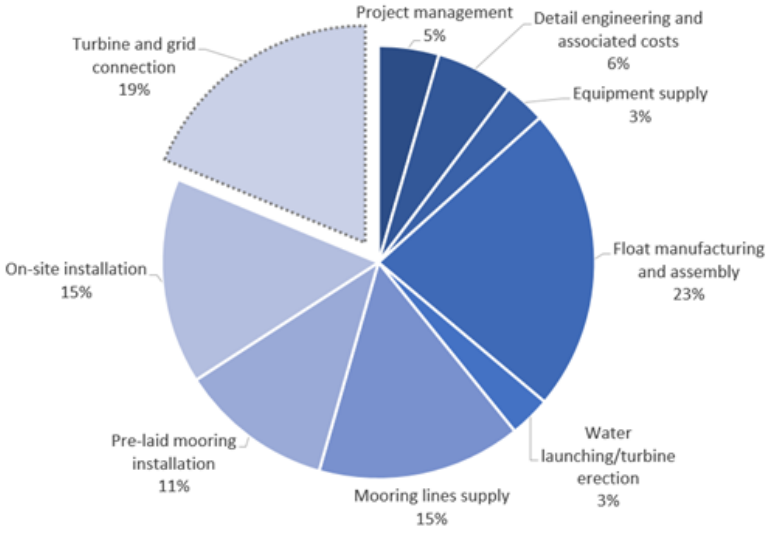
Dolfines has done an engineering study to upgrade a rig for Perenco that required a BOP system. Dolfines can participate in these types of projects thanks to its API Q2 certification and the engineering branch.

New Energies
Business model
Dolfines will be contracted by developers. The scope of Dolfines' activities can vary according to developers' needs. Dolfines' responsibilities can include:

1. project management (project follow-up including construction and installation);
2. detailed engineering (engineering, licensing, software, certification);
3. supply of equipment (ballasts, crane, chain connection, power generation for installation);
4. on-site installation (towing, mobilisation, connection to pre-laid moorings, supervision);
5. supply of mooring lines (chains, anchors, buoys, shackles);
6. water launching and provision of the yard during the erection of the turbine.

With regards to the construction of the floater, several solutions are being envisioned. The first one is a joint venture where Dolfines doesn't earn fees on the construction contract. The second one is where Dolfines handles the entire process (float and BOP) under the form of an EPCI contract. The third one is on commercialising the offering throughout licensing to a larger Engineering, Procurement & Construction (EPC) contractor, rather than on Dolfines handling the procurement and construction (on top of the engineering and design). In our view, this option is justified as Dolfines now targets a floater that can support a 15MW turbine, with a potential order intake that could be large and executed by an EPC company. The total cost of an installed unit should indeed range between €30m and €35m for an order of one unit only, while prices for bigger orders are expected to be reduced by c.€3-4m. We expect that a licensing contract should range between €250k-300k per unit.

Total cost breakdown, for one unit



Source: Dolfines, AlphaValue estimates

Like in any nascent, high potential market, we expect margins to remain relatively low during the first years as the company invests in research & development. We then estimate a 60% EBITDA margin due to the light asset base (provided that Dolfines sells on a licensing basis). This is similar to GTT's business model (and margins) which designs and engineers membranes for LNG carriers.

Capex is expected to remain modest given the lightness of the business model. We forecast small intangible investments, mostly software licences in the vicinity of c.€12k per year and per employee. As for the number of staff, we use Dolfines' estimates of five employees per unit ordered, for pilot and small wind farms, and fewer employees per turbine for bigger orders as the their scale allow for some cost reduction.

Risks

The main risk comes from timing and competition as Dolfines' main competitors are several years ahead in terms of developments. Principle Power Inc. has already tested and decommissioned a full-scale 2MW prototype of its WindFloat design. Ideol's first demonstration (Floatgen) became operational in September 2018 and has already been delivering power to the grid since then. SBM Offshore is developing Provence Grand Large with EDF Renouvelables.

Another disadvantage could be Dolfines' own size as the company's current revenue is lower than the price of a single floater. Therefore, the development of the New Energies division will be limited to pilot and small-scale wind farms during the first years and bigger developers are likely to prefer to wait to see the first unit in operation before placing large orders.

Divisional EBIT

	12/22A	12/23E	12/24E	12/25E	Change 23E/22		Change 24E/23E	
					€th	of % total	€th	of % total
Total	**-1,019**	**-998**	**297**	**1,094**	**21**	**100%**	**1,295**	**100%**
Services	-200	-145	-29.1	-29.1	55	262%	116	9%
Factorig	-467	-211	-34.5	457	256	1,219%	177	14%
Solutions	-65.0	-10.0	-60.0	-60.0	55	262%	-50	-4%
Contracting	0.00	0.00	0.00	0.00	0	0%	0	0%
New Energies	-287	-632	421	725	-345	-1,643%	1,053	81%
Other/cancellations								

Divisional EBIT margin

	12/22A	12/23E	12/24E	12/25E
Total	**-13.3%**	**-12.8%**	**3.02%**	**7.65%**
Services	-10.0%	-8.07%	-1.16%	-0.73%
Factorig	-19.5%	-6.80%	-0.99%	7.62%
Solutions	-50.0%	-10.0%	-10.0%	-12.0%
Contracting				
New Energies	-9.17%	-22.4%	13.0%	19.1%

Valuation

Oil & Gas

We expect 2020 to be the nadir in activity, yet maintain a cautious stance as oil majors continue to exert a strong capital discipline.

We expect the Solutions and Contracting divisions to win c. €400-600k of awards from 2022 to 2024. Dolfines has expertise that can be applied early in the cycle, such as technical refurbishment, yet offshore drilling remains subdued.

The DCF is based on a 4% EBITDA growth for the oil and gas activities.

New Energies

We have decided to isolate the New Energies division and show the sum of its discounted cash flows in 2023. This gives more clarity on the contributions of both the Oil and Gas and New Energies divisions and allows for a more suitable modelling of start-up projects. We expect Dolfines to receive c.50 orders for 15MW floaters, c. 5% of the total market. From 2033 onwards, we have applied a long-term EBITDA and capex growth rate of 9%. Note that, worldwide, floating wind installations are expected to grow by close to 20% CAGR from 2030 to 2040.

Key DCF metrics for selected years

k€	2024E	2026E	2028E	2030E	2032E
Units ordered	-	1	5	5	5
Units delivered	-	1	1	5	5
Staff number	5	10	15	20	25
Revenue	-	550	1 650	2 750	2 750
EBITDA	(764)	(1 005)	(820)	(525)	(1 344)
Capex	(204)	(312)	(600)	(1 056)	(1 320)
FCF	(968)	(1 317)	(1 420)	(1 581)	(2 664)
Discounted FCF	(800)	(900)	(802)	(738)	(1 027)

Sum of the parts

Our sum of the parts valuation is based on multiples from comparable companies in each business line. 8.2 France is valued at the transaction price (c. €800k).

We value the Audit & Inspection division (Fatorig) at 8.5× 2023-24 EBIT, vs 15-17x for pure plays in inspection, testing and certification (Bureau Veritas, SGS, Eurofins Scientific), and justified by the cyclicality of the oil and gas sector.

The Services division is value at a multiple of 0.2x to 2023 sales, a 40% discount over its peers specialised in human resources and support services (Randstad, Adecco) and justified by the volatility in activity.

For the Contracting and Services divisions, we have applied a multiple of 5x to 2023 EBIT, using a discount to engineering companies operating in the energy field (Elecnor, Technip Energies) in order to reflect the risks inherent to a smaller company.

For the NAV of the New Energies division, we value the floating offshore wind division using a DCF method as applying a multiple on EBIT or EBITDA would

require to select arbitrarily a reference year and therefore be dependent on a still uncertain timing. As a reminder, we use a 8% cost of debt and a 10% WACC.

Valuation Summary

Benchmarks		Values (€)	Upside	Weight
DCF		0.00	-8%	35%
NAV/SOTP per share		0.00	229%	20%
EV/Ebitda	*Peers*	0.00	-32%	20%
P/E	*Peers*	0.00	-13%	10%
Dividend Yield	*Peers*	0.00	-100%	10%
P/Book	*Peers*	0.00	-14%	5%
Target Price		**0.00**	**25%**	

Comparison based valuation

Computed on 18 month forecasts	P/E (x)	Ev/Ebitda (x)	P/Book (x)	Yield(%)
Peers ratios	43.0	7.67	2.00	3.01
Dolfines's ratios	64.5	13.9	3.02	0.00
Premium	30.0%	30.0%	30.0%	0.00%
Default comparison based valuation (€)	**0.00**	**0.00**	**0.00**	**0.00**
Nordex SE	89.6	7.96	2.57	0.00
Elecnor	23.4	7.26	1.47	7.85

Dolfines (Add)

DCF Valuation Per Share

WACC	%	9.86	Avg net debt (cash) at book value	€th	2,353
PV of cashflow FY1-FY11	€th	3,622	Provisions	€th	3.34
FY11CF	€th	1,563	Unrecognised actuarial losses (gains)	€th	0.00
Normalised long-term growth"g"	%	2.00	Financial assets at market price	€th	0.00
Sustainability "g"	%	1.85	Minorities interests (fair value)	€th	0.00
Terminal value	€th	19,512	Equity value	€th	8,883
PV terminal value	€th	7,618	Number of shares	Th	9,626,...
PV terminal value in % of total value	*%*	*67.8*	**Implied equity value per share**	**€**	**0.00**
Total PV	€th	11,240	Sustainability impact on DCF	%	-1.60

Assessing The Cost Of Capital

Synthetic default risk free rate	%	3.50	Company debt spread	bp	800
Target equity risk premium	%	5.00	Marginal Company cost of debt	%	11.5
Tax advantage of debt finance (normalised)	%	25.0	**Company beta (leveraged)**	**x**	**1.32**
Average debt maturity	Year	5	Company gearing at market value	%	27.9
Sector asset beta	x	1.16	Company market gearing	%	21.8
Debt beta	x	1.60	**Required return on geared equity**	**%**	**10.1**
Market capitalisation	€th	9,626	Cost of debt	%	8.63
Net debt (cash) at book value	€th	2,686	**Cost of ungeared equity**	**%**	**9.30**
Net debt (cash) at market value	€th	1,733	WACC	%	9.86

DCF Calculation

		12/22A	12/23E	12/24E	12/25E	Growth	12/26E	12/33E
Sales	€th	7,650	7,817	9,833	14,304	**13.0%**	16,163	38,025
EBITDA	€th	-1,280	-846	413	1,180	**13.0%**	1,333	3,136
EBITDA Margin	*%*	*-16.7*	*-10.8*	*4.20*	*8.25*		*8.25*	*8.25*
Change in WCR	€th	0.00	0.00	0.00	0.00	**8.00%**	0.00	0.00
Total operating cash flows (pre tax)	€th	-1,280	-846	413	1,180		1,333	3,136
Corporate tax	€th	0.00	0.00	-11.2	-232	**8.00%**	-251	-430
Net tax shield	**€th**	**-600**	**-300**	**-34.1**	**-34.1**	**8.00%**	**-36.8**	**-63.1**
Capital expenditure	€th	-600	-600	-600	-600	**8.00%**	-648	-1,111
Capex/Sales	*%*	*-7.84*	*-7.68*	*-6.10*	*-4.19*		*-4.01*	*-2.92*
Pre financing costs FCF (for DCF purposes)	€th	-2,480	-1,746	-232	313		397	1,533
Various add backs (incl. R&D, etc.) for DCF purposes	€th		24,648					
Free cash flow adjusted	**€th**	**-2,480**	**22,902**	**-232**	**313**		**397**	**1,533**
Discounted free cash flows	**€th**	**-2,480**	**22,902**	**-211**	**260**		**300**	**598**
Invested capital	€	4.96	5.21	5.43	5.63		6.08	10.4

NAV/SOTP Calculation

	% owned	Valuation technique	Multiple used	Valuation at 100% (€th)	Stake valuation (€th)	In currency per share (€)	% of gross assets
Dietswell New Energies	100%	DCF		25,160	25,160	0.00	72.8%
Aegide International	100%	EV/EBITDA	10	3,000	3,000	0.00	8.68%
Dietswell Factorig	100%	EV/EBIT	8.5	2,980	2,980	0.00	8.63%
8.2 France	100%	AlphaValue valuation		1,500	1,500	0.00	4.34%
Dietswell Services	100%	EV/Sales	5	1,400	1,400	0.00	4.05%
Dietswell Solutions	100%	EV/EBIT	5	500	500	0.00	1.45%
Dietswell Contracting	100%	EV/EBIT	5	10.0	10.0	0.00	0.03%
Other							
Total gross assets					**34,550**	**0.00**	**100%**
Net cash/(debt) by year end					-2,686	0.00	-7.77%
Commitments to pay					-150 (1)	0.00	-0.44%
Commitments received							
NAV/SOTP					31,714	0.00	91.8%
Number of shares net of treasury shares - year end (Th)					**9,626,615**		
NAV/SOTP per share (€)					**0.00**		
Current discount to NAV/SOTP (%)					**69.6**		

1. Off-balance sheet agreements

Debt

OCABSA:
The company has a financing line of up to €36m with Negma group, in the form of convertible bonds into shares with share warrants (“OCABSA”). At FY21, the company has drawn €1.4m from the funding line.

At FY21 the company has:

- Zero rate loan from BPI France with €270k outstanding (with quarterly payments up to 2024)
- Loans guaranteed by the state (PGE) for a total of €1,200k (amortisation starting from 2022 to 2026)
- Green bonds for €850k outstanding (with quarterly payments up to 2023

Lastly, there is €1.7m of advances from the Ademe ont he Eolfloat project.

Detailed financials at the end of this report

Funding - Liquidity

		12/22A	12/23E	12/24E	12/25E
EBITDA	€th	-1,280	-846	413	1,180
Funds from operations (FFO)	€th	-3,680	-2,046	266	811
Ordinary shareholders' equity	**€th**	**2,990**	**1,593**	**2,483**	**3,888**
Gross debt	€th	3,600	3,600	3,600	3,600
+ Gross Cash	€th	2,560	914	1,580	2,791
= Net debt / (cash)	**€th**	**1,040**	**2,686**	**2,020**	**809**
Gearing (at book value)	%	81.1	117	94.8	36.4
Equity/Total asset (%)	%	47.5	24.3	36.7	55.8
Adj. Net debt/EBITDA(R)	*x*	*-0.81*	*-3.17*	*4.89*	*0.69*
Adjusted Gross Debt/EBITDA(R)	*x*	*-2.82*	*-4.26*	*8.72*	*3.05*
Adj. gross debt/(Adj. gross debt+Equity)	*%*	*54.7*	*69.3*	*59.2*	*48.1*
Ebit cover	*x*	*-0.67*	*-0.99*	*0.27*	*5.67*
FFO/Gross Debt	*%*	*-102*	*-56.8*	*7.37*	*22.5*
FFO/Net debt	*%*	*-354*	*-76.2*	*13.1*	*100*
FCF/Adj. gross debt (%)	*%*	*-119*	*-73.4*	*-9.28*	*5.86*
(Gross cash+ "cash" FCF+undrawn)/ST debt	*x*	*-1.04*	*-1.05*	*0.75*	*1.81*
"Cash" FCF/ST debt	*x*	*-2.58*	*-1.60*	*-0.20*	*0.13*

Worth Knowing

Reducing the cost per MWh

To deploy fully, a floating wind turbine will have to reduce its cost per MWh to below €100, a target deemed by many as possible by 2025-30. Equinor, owner of the Hywind farm, has already stated its objectives of achieving a €40-60/MWh cost of energy by 2030. Cost savings will stem from the increase in turbine capacity as higher capacity allows for fewer installations, lower maintenance and operation costs. In ten years, the size of turbines has already more than doubled from 3.5MW to 9MW, while 12MW turbines are just around the corner (GE's Haliade-X). First onshore tests will start in 2019 while first offshore operations will begin by 2021. We expect the floating wind industry to be the first to adopt these higher turbine capacities.

Another big driver will be wind speeds and steadiness. The further from the shore, the stronger and more stable the winds generally are, giving floating wind farms a bid advantage. Moreover, the relation between wind speed and energy output is cubed, meaning that a 26% increase in wind speeds will double the total output, thus decreasing the costs per MWh by the same amount.

Besides these basic principles, floating wind turbines allow for lower installation and maintenance costs as turbines can be constructed and checked on the quayside and then pulled into position easily and affordably.

While many of these cost drivers are outside Dolfines's control, its unique and scalable design will allow it to take advantage of the use of higher turbine capacity. According to Dolfines' estimates, doubling the turbine capacity from 6MW to 12MW will only result in a 35-40% increase in costs. It is likely that other designs like solid steel-reinforced concrete structures will not benefit as much from this race for higher turbine capacity.

Sedlar Rig 160

As part of its efforts to refocus on value-added activities and being an asset-light company, Dolfines has been trying to sell a hydraulic rig it designed and built in 2007. The unit was written down to zero in 2019. Although, we do not take it into account in our estimate, there is value remaining in it and a sale could bring extra cash flow to the company.

Shareholders

Name	% owned	Of which % voting rights	Of which % free to float
NEGMA Group	8.37%	8.37%	0.00%
Jean-Claude Bourdon	3.16%	6.20%	0.00%
Dominique Michel	0.08%	0.15%	0.00%
Apparent free float			**88.4%**

Sustainability

All in all, the group's focus towards renewables is sound and in line with the ongoing energy transition. The acquisition of 8.2 France in 2021 reinforces this and allows for a recurring activity in wind services.

Sustainability score

Sustainability is made of analytical items contributing to the E, the S and the G, that can be highlighted as sustainability precursors and can be combined in an intellectually acceptable way. This is the only scale made available

	Score	Weight
Governance		
Independent directors rate	**6/10**	25%
Board geographic diversity	**0/10**	20%
Chairman vs. Executive split	✖	5%
Environment		
CO^2 Emission	**10/10**	25%
Water withdrawal	**1/10**	10%
Social		
Wage dispersion trend	**0/10**	5%
Job satisfaction	**0/10**	5%
Internal communication	**10/10**	5%
Sustainability score	**4.6/10**	100%

Governance & Management

Jean-Claude Bourbon is the CEO and founder of Dolfines. He has been in the drilling industry for over thirty years, working for other oil and gas services companies (Schlumberger, Forasol-Foramer). Bourdon has a 11% stake in the company.

The deputy CEO is Yann Lepoutre, appointed in 2021, who has more than thirty years of experience in strategic and operational management in the oil and gas sector (Subsea 7, Forasol-Foramer).

Governance score

Company (Sector)	Independent board
4.3 (7.3)	Yes

Parameters	Company	Sector	Score	Weight
Number of board members	5	8	10/10	5.0%
Board feminization (%)	0	30	1/10	5.0%
Board domestic density (%)	100	63	0/10	5.0%
Average age of board's members	68	60	1/10	5.0%
Type of company : Small cap, not controlled			10/10	25.0%
Independent directors rate	60	50	6/10	20.0%
One share, one vote			✗	5.0%
Chairman vs. Executive split			✗	5.0%
Chairman not ex executive			✗	5.0%
Full disclosure on mgt pay			✗	5.0%
Disclosure of performance anchor for bonus trigger			✗	5.0%
Compensation committee reporting to board of directors			✗	5.0%
Straightforward, clean by-laws			✗	5.0%
Governance score			**4.3/10**	**100.0%**

Management

Name		Function	Birth date	Date in	Date out	Compensation, in k€ (year) Cash	Compensation, in k€ (year) Equity linked
Jean-Claude BOURDON	M	CEO	1952				
Yann LEPOUTRE	M	Deputy CEO	1962	2021			
Delphine BARDELET	F	CFO					
Anne BARECELO	F	Head of Human Resources	1979	2019			
Dominique MICHEL	M	Executive Officer	1936				

Board of Directors

Name		Indep.	Function	Completion of current mandate	Birth date	Date in	Date out	Fees / indemnity, in k€ (year)	Value of holding, in k€ (year)
Jean-Claude BOURDON	M	✗	President/Chairman of th...		1952	2000			
Dominique MICHEL	M	✗	Deputy Chairman		1936	2005			
Martin FERTÉ	M	✓	Member		1958	2015			
Yann LEPOUTRE	M	✓	Member		1962	2019			
Benoit VERNIZEAU	M	✓	Member		1969	2018			

Environment

A lack of data given the size of the company, yet as an engineering company with no hard assets, we expect Dolfines' direct emissions to be minimal and tied to its consumption of energy (i.e. fuel for transport, electricity in offices).

Environmental score

Data sets evaluated as trends on rolling calendar, made sector relative

Parameters	Score	Sector	Weight
CO^2 Emission	10/10	7/10	30%
Water withdrawal	1/10	5/10	30%
Energy	1/10	5/10	25%
Waste	1/10	5/10	15%
Environmental score	**3.7**		**100%**

Company (Sector)

3.7 (5.9)

Environmental metrics

	Company						Sector
	2019	2020	2021	2022	2023	2024	2022
Energy (GJ) per €m in capital employed	0	0	0				377
			1.4	7.8	10.0	3.7	4.4
CO^2 tons per €m in capital employed	0	0	0	0			21
Tons waste generated per €m in capital employed	0	0	0				9
Cubic meter water withdrawal per €m in capital employed	0	0	0				126

Sector figures

Company	Country	Environment score	Energy (total, in GJ)	CO2 Emissions (in tons)	Water Withdrawal (in m3)	Waste (total, (in tons)
Datwyler		6/10	1,145,210	90,116	1,782,699	21,488
Dürr		9/10	485,377	21,269	177,373	13,208
KION Group		9/10	2,212,046	183,286	553,000	101,934
NORMA Group		8/10	453,852	5,064	171,943	11,456
SFS Group		6/10	1,218,740	95,000		21,249
VAT Group		9/10	161,713	14,456	114,081	4,876
Dolfines		4/10	0	0	0	0
Siemens Energy		8/10	5,186,000	181,000	6,520,000	154,000
Nel		9/10	60,224	6,579	20,614	2,561,089
Landis+Gyr Group AG		10/10	134,999	13,107	95,836	3,809
AutoStore		4/10		8,119		
Siemens		9/10	9,115,000	550,000	14,260,000	261,200
ABB		9/10	4,672,800	151,000	2,545,000	167,000
Schneider Electric		9/10	4,047,577	202,232	1,899,190	124,139
Alstom		9/10	3,056,400	139,000	1,514,000	77,480
Atlas Copco		10/10	1,865,000	108,000	403,000	39,112
Sandvik		10/10	3,745,000	303,000	4,040,000	421,765
Vestas Wind Systems		9/10	2,368,800	109,000	279,000	44,400
Schindler		8/10	2,474,942	145,726	651,100	55,491
Kone		10/10	1,933,560	116,700	295,200	40,000
GEA Group		9/10	827,528	31,725	316,618	13,089
Metso Corporation		8/10	1,645,000	127,206	381,000	77,455
Alfa Laval		10/10	1,086,023	21,364	788,000	28,926
Wärtsilä		7/10	977,144	56,003	23,451,000	11,756
Prysmian		6/10	9,631,104	616,059	7,040,079	235,162
IMI		8/10	523,997	38,604	186,171	321,000

Dolfines (Add)

FLSmidth & Co		6/10		36,767	178,064	
Sulzer		1/10	878,109	81,339	987,576	19,546
Legrand		9/10	1,382,400	84,524	686,000	51,000
Bilfinger		9/10	720,112	45,317	173,564	4,776
Quadient		10/10	60,707	9,299	20,770	1,127
Nexans		6/10	4,060,242	242,728	1,446,937	71,345
OC Oerlikon		8/10	1,547,640	145,000	769,300	22,974
Nordex SE		7/10	899,511	54,460	151,700	29,340
Georg Fischer		6/10	3,394,000	214,000	2,105,000	91,000
Elecnor		4/10		83,833		94,312
ANDRITZ		6/10	2,194,175	134,229	1,678,832	54,905
Heidelberger Druck		8/10	795,600	65,717	165,224	35,264
Aalberts		7/10	3,872,460	251,000	1,509,096	44,825
Rieter		8/10	448,000	50,000	287,000	12,750
Danieli & Co		2/10	7,314,724	762,507	2,135,000	165,758
Bekaert		5/10	16,362,000	1,471,912	7,097,000	98,278
Bucher Industries		5/10	1,366,776	81,962	0	
Vossloh		7/10	678,293	42,332	182,988	
Krones		7/10	422,157	24,298	189,878	1,963
Jungheinrich Pref.		9/10	1,062,407	85,700	293,000	24,014
Burckhardt Compression		8/10	212,785	20,070	78,687	3,530
HUBER+SUHNER		7/10	190,314	7,735	677,027	4,221
RATIONAL		9/10	48,802	2,397	19,846	1,762
Semperit		6/10	2,652,746	225,796	4,800,000	17,820
Koenig & Bauer		9/10	121,995	20,752	52,366	9,371
Komax		9/10	96,872	5,686	42,060	1,042
Schweiter Technologies		5/10	1,201,568	93,030		18,678
Jenoptik		9/10	242,917	5,032	92,444	1,312
Bossard		7/10	81,202	5,692		1,548
Interroll		6/10	11,178,000	9,531	43,000	4,286
Rosenbauer		9/10	206,661	11,942	80,858	3,963
ITM Power		5/10	15,723	184	0	129
CNH Industrial N.V.		3/10	3,532,441	241,000,000	1,348,000	148,038
Ocado Group PLC		6/10	8,526	118,299		

Social

Given the size of the company, there is limited information on social matters.

Social score

Company (Sector)

4.3 (6.5)

Quantitative metrics (67%)

Set of staff related numerical metrics available in AlphaValue proprietary modelling aimed at ranking on social/HR matters

Parameters	Score	Weight
Staffing Trend	3/10	20%
Average wage trend	9/10	35%
Share of added value taken up by staff cost	1/10	25%
Share of added value taken up by taxes	1/10	20%
Wage dispersion trend	0/10	0%
Pension bonus (0 or 1)	0	
Quantitative score	**4.2/10**	**100%**

Qualitative metrics (33%)

Set of listed qualitative criterias and for the analyst to tick

Parameters	Score	Weight
Accidents at work	10/10	25%
Human resources development	3/10	35%
Pay	0/10	20%
Job satisfaction	0/10	10%
Internal communication	10/10	10%
Qualitative score	**4.6/10**	**100%**

AlphaValue analysts tick boxes on essential components of the social/HR corporate life.
Decision about ticking Yes or No is very much an assessment that combines the corporate's communication on relevant issue and the analyst's better judgment from experience.

Qualitative score

Parameters	Yes ✔ / No ✖	Weight
Accidents at work		**25%**
Set targets for work safety on all group sites?	✔	10.0%
Are accidents at work declining?	✔	15.0%
Human resources development		**35%**
Are competences required to meet medium term targets identified?	✖	3.5%
Is there a medium term (2 to 5 years) recruitment plan?	✖	3.5%
Is there a training strategy tuned to the company objectives?	✔	3.5%
Are employees trained for tomorrow's objectives?	✔	3.5%
Can all employees have access to training?	✖	3.5%
Has the corporate avoided large restructuring lay-offs over the last year to date?	✖	3.5%
Have key competences stayed?	✔	3.5%
Are managers given managerial objectives?	✖	3.5%
If yes, are managerial results a deciding factor when assessing compensation level?	✖	3.5%
Is mobility encouraged between operating units of the group?	✖	3.5%
Pay		**20%**
Is there a compensation committee?	✖	6.0%
Is employees' performance combining group AND individual performance?	✖	14.0%
Job satisfaction		**10%**
Is there a measure of job satisfaction?	✖	3.3%
Can anyone participate ?	✖	3.4%
Are there action plans to prop up employees' morale?	✖	3.3%
Internal communication		**10%**
Are strategy and objectives made available to every employee?	✔	10.0%
Qualitative score	**4.6/10**	**100.0%**

Recent updates

27/06/2024 **Opinion change, due to market moves, from Buy to Add**

02/11/2023

More dilution on the horizon to solve the cash problem

Change in Target Price

€ 0.00 vs 0.00 -61.8%

The target price resets 62% lower having been negatively impacted by the massive dilution now accounted for in our model. We have increased the number of shares to 9.6 billion from 2.96 billion to reflect the dilutive repercussions of the equity funding the company needs and will have to carry out to prop up the balance sheet and solve the cash problem to be able to finance its WC requirement. Although the operations are improving rapidly and the company will be in a net cash position soon, a dilutive financing operation will still happen.

We have cut our FY23 turnover forecast by nearly 15% to 7.82m and our FY24 turnover forecast by 5%. While the net result will remain in negative territory for both years, we are estimating a return to a positive figure in FY25. The estimated dilution, however, has further reduced the EPS-based valuation.

Change in NAV

€ 0.00 vs 0.01 -67.4%

For the sizeable decrease in the NAV valuation, please see Target Price.

Stock Price and Target Price
Earnings Per Share & Opinion

Momentum

Momentum analysis consists in evaluating the stock market trend of a given financial instrument, based on the analysis of its trading flows.
The main indicators used in our momentum tool are simple moving averages over three time frames: short term (20 trading days), medium term (50 days) and long term (150 days). The positioning of these moving averages relative to each other gives us the direction of the flows over these time frames.
For example, if the short and medium-term moving averages are above the long-term moving average, this suggests an uptrend which will need to be confirmed. Attention is also paid to the latest stock price relative to the three moving averages (advance indicator) as well as to the trend in these three moving averages - downtrend, neutral, uptrend - which is more of a lagging indicator.
The trend indications derived from the flows through moving averages and stock prices must be confirmed against trading volumes in order to confirm the signal. This is provided by a calculation based on the average increase in volumes over ten weeks together with a buy/sell volume ratio.

 : Strong momentum corresponding to a continuous and overall positive moving average trend confirmed by volumes

 : Relatively good momentum corresponding to a positively-oriented moving average, but offset by an overbought pattern or lack of confirmation from volumes

 : Relatively unfavorable momentum with a neutral or negative moving average trend, but offset by an oversold pattern or lack of confirmation from volumes

 : Strongly negative momentum corresponding to a continuous and overall negative moving average trend confirmed by volumes

Moving Average MACD & Volume

Sector Capital Goods

Detailed Financials

Valuation Key Data

		12/22A	12/23E	12/24E	12/25E
Adjusted P/E	**x**	**-7.03**	**-7.99**	**ns**	**23.8**
Reported P/E	x	-13.6	-15.6	-87.2	23.8
EV/EBITDA(R)	**x**	**-43.4**	**-47.2**	**28.2**	**8.85**
EV/EBIT	x	-34.8	-33.5	ns	13.5
EV/Sales	x	7.26	5.11	1.18	0.73
P/Book	**x**	**18.2**	**23.4**	**3.88**	**2.48**
Dividend yield	**%**	**0.00**	**0.00**	**0.00**	**0.00**
Free cash flow yield	*%*	*-7.85*	*-7.10*	*-3.47*	*2.19*
Average stock price	€	0.22	0.00	0.00	0.00

Consolidated P&L

		12/22A	12/23E	12/24E	12/25E
Sales	€th	7,650	7,817	9,833	14,304
Sales growth	*%*	*74.2*	*2.18*	*25.8*	*45.5*
Sales per employee	*€th*	*403*	*391*	*410*	*530*
Purchases and external costs (incl. IT)	€th	2,687	1,964	2,744	3,828
R&D Costs	€th	600	600	600	600
R&D costs as % of sales	%	7.84	7.68	6.10	4.19
Staff costs	€th	-6,280	-6,705	-6,616	-7,276
Operating lease payments	€th	0.00	0.00	0.00	0.00
Cost of sales/COGS (indicative)	€th				
EBITDA	€th	-1,280	-846	413	1,180
EBITDA(R)	€th	-1,280	-846	413	1,180
EBITDA(R) margin	*%*	*-16.7*	*-10.8*	*4.20*	*8.25*
EBITDA(R) per employee	*€th*	*-67.4*	*-42.3*	*17.2*	*43.7*
Depreciation	€th				
Depreciations/Sales	*%*	*0.00*	*0.00*	*0.00*	*0.00*
Amortisation	€th	-316	-346	-376	-406
Additions to provisions	€th	0.00	0.00	0.00	0.00
Underlying operating profit	€th	-1,596	-1,192	37.2	774
Underlying operating margin	*%*	*-20.9*	*-15.2*	*0.38*	*5.41*
Other income/expense (cash)	€th				
Earnings from joint venture(s)	€th	0.00	0.00	0.00	0.00
Impairment charges/goodwill amortisation	€th	0.00	0.00	0.00	0.00
Operating profit (EBIT)	€th	-1,596	-1,192	37.2	774
Interest expenses	€th	-2,400	-1,200	-136	-136
of which effectively paid cash interest expenses	*€th*	*-2,400*			
Financial income	€th				
Other financial income (expense)	€th	0.00	0.00	0.00	0.00
Net financial expenses	€th	-2,400	-1,200	-136	-136
of which related to pensions	*€th*		*0.00*	*0.00*	*0.00*
Pre-tax profit before exceptional items	€th	-3,996	-2,392	-99.3	637
Exceptional items and other (before taxes)	€th	0.00	0.00	0.00	0.00
Current tax	€th	0.00	0.00	-11.2	-232
Deferred tax	€th				
Corporate tax	€th	0.00	0.00	-11.2	-232
Tax rate	*%*	*0.00*	*0.00*	*-11.2*	*36.4*
Net margin	*%*	*-52.2*	*-30.6*	*-1.12*	*2.83*
Equity associates	€th				
Actual dividends received from equity holdings	*€th*				
Minority interests	€th				
Income from discontinued operations	€th				
Attributable net profit	€th	-3,996	-2,392	-110	405
Impairment charges/goodwill amortisation	€th	0.00	0.00	0.00	0.00
Other adjustments	€th	-180			
Adjusted attributable net profit	€th	-4,176	-2,392	-110	405
Fully diluted adjusted attr. net profit	€th	-4,176	-2,392	-110	405
NOPAT	€th	-1,197	-894	27.9	580

Cashflow Statement

		12/22A	12/23E	12/24E	12/25E
EBITDA	€th	-1,280	-846	413	1,180
Change in WCR	€th	0.00	0.00	0.00	0.00
of which (increases)/decr. in receivables	*€th*		*0.00*	*0.00*	*0.00*
of which (increases)/decr. in inventories	*€th*		*0.00*	*0.00*	*0.00*
of which increases/(decr.) in payables	*€th*		*0.00*	*0.00*	*0.00*
of which increases/(decr.) in other curr. liab.	*€th*		*0.00*	*0.00*	*0.00*
Actual dividends received from equity holdings	€th	0.00	0.00	0.00	0.00
Paid taxes	€th		0.00	-11.2	-232
Exceptional items	€th				
Other operating cash flows	€th				
Total operating cash flows	€th	-1,280	-846	402	948
Capital expenditure	€th	-600	-600	-600	-600
Capex as a % of depreciation & amort.	*%*	*190*	*173*	*160*	*148*
Net investments in shares	€th				
Other investment flows	€th	0.00	0.00	0.00	0.00
Total investment flows	€th	-600	-600	-600	-600
Net interest expense	€th	-2,400	-1,200	-136	-136
of which cash interest expense	*€th*	*-2,400*	*-1,200*	*-136*	*-136*
Dividends (parent company)	€th				
Dividends to minorities interests	€th	0.00	0.00	0.00	0.00
New shareholders' equity	€th	4,000	1,000	1,000	1,000
of which (acquisition) release of treasury shares	*€th*				
Change in gross debt	€th	0.00	0.00	0.00	0.00
Other financial flows	€th				
Total financial flows	€th	1,600	-200	864	864
Change in cash position	€th	-280	-1,646	666	1,211
Change in net debt position	€th	-280	-1,646	666	1,211
Free cash flow (pre div.)	€th	-4,280	-2,646	-334	211
Operating cash flow (clean)	€th	-1,280	-846	402	948
Reinvestment rate (capex/tangible fixed assets)	*%*	*2,466*	*2,466*	*2,466*	*2,466*

Balance Sheet

		12/22A	12/23E	12/24E	12/25E
Capitalised R&D	€th	3,860	4,114	4,338	4,532
Goodwill	€th				
Other intangible assets	€th	0.00	0.00	0.00	0.00
Total intangible	€th	3,860	4,114	4,338	4,532
Tangible fixed assets	€th	24.3	24.3	24.3	24.3
Financial fixed assets (part of group strategy)	€th				
Other financial assets (investment purpose mainly)	€th	1,267	1,267	1,267	1,267
WCR	€th	1,071	1,071	1,071	1,071
of which trade & receivables (+)	*€th*	*2,316*	*2,316*	*2,316*	*2,316*
of which inventories (+)	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
of which payables (+)	*€th*	*955*	*955*	*955*	*955*
of which other current liabilities (+)	*€th*	*290*	*290*	*290*	*290*
Other current assets	€th	67.1	67.1	67.1	67.1
of which tax assets (+)	*€th*				
Total assets (net of short term liabilities)	€th	6,289	6,543	6,767	6,961
Ordinary shareholders' equity (group share)	€th	2,990	1,593	2,483	3,888
Minority interests	€th	0.00	0.00	0.00	0.00
Provisions for pensions	€th		0.00	0.00	0.00
Other provisions for risks and liabilities	€th	3.34	3.34	3.34	3.34
Deferred tax liabilities	€th	1,031	1,031	1,031	1,031
Other liabilities	€th	1,230	1,230	1,230	1,230
Net debt / (cash)	€th	1,040	2,686	2,020	809
Total liabilities and shareholders' equity	€th	6,294	6,543	6,767	6,961
Gross Cash	€th	2,560	914	1,580	2,791
Average net debt / (cash)	€th	2,423	1,863	2,353	1,415
Adjusted net debt	€th	1,043	2,689	2,024	813
Off B/S business guarantees given	€th	405	405	405	405
Contingent considerations	€th	150	150	150	150

EV Calculations

		12/22A	12/23E	12/24E	12/25E
EV/EBITDA(R)	**x**	**-43.4**	**-47.2**	**28.2**	**8.85**
EV/EBIT	**x**	**-34.8**	**-33.5**	**ns**	**13.5**
EV/Sales	**x**	**7.26**	**5.11**	**1.18**	**0.73**
EV/Invested capital	x	11.2	7.67	2.14	1.85
Market cap	€th	54,499	37,262	9,626	9,626
+ Provisions (including pensions)	€th	3.34	3.34	3.34	3.34
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00	0.00
+ Net debt at year end (ex Right-of-use from 2019)	€th	1,040	2,686	2,020	809
+ Right-of-use (from 2019)/Leases debt equivalent	€th	0.00	0.00	0.00	0.00
- Financial fixed assets (fair value) & Others	€th				
+ Minority interests (fair value)	€th				
= Enterprise Value	**€th**	**55,543**	**39,952**	**11,649**	**10,438**

Per Share Data

		12/22A	12/23E	12/24E	12/25E
Adjusted EPS (bfr gwill amort. & dil.)	**€**	**-0.03**	**0.00**	**0.00**	**0.00**
Growth in EPS	*%*	*n/a*	*n/a*	*n/a*	*n/a*
Reported EPS	€	-0.02	0.00	0.00	0.00
Net dividend per share	**€**	**0.00**	**0.00**	**0.00**	**0.00**
Free cash flow per share	€	-0.03	0.00	0.00	0.00
Operating cash flow per share	€	-0.01	0.00	0.00	0.00
Book value per share	€	0.01	0.00	0.00	0.00
Number of ordinary shares	**Th**	**245,779**	**9,625,615** [(1)]	**9,625,615**	**9,625,615**
Number of equivalent ordinary shares (year end)	Th	245,779	9,625,615	9,625,615	9,625,615
Number of shares market cap.	Th	245,779	9,625,615	9,625,615	9,625,615
Treasury stock (year end)	Th				
Number of shares net of treasury stock (year end)	Th	245,779	9,625,615	9,625,615	9,625,615
Number of common shares (average)	**Th**	**132,462**	**4,935,697**	**9,625,615**	**9,625,615**
Conversion of debt instruments into equity	Th				
Settlement of cashable stock options	Th		2,000	2,000	
Probable settlement of non mature stock options	Th				
Other commitments to issue new shares	Th				
Increase in shares outstanding (average)	Th	0.00	1,000	2,000	1,000
Number of diluted shares (average)	**Th**	**132,462**	**4,936,697**	**9,627,615**	**9,626,615**
Goodwill per share (diluted)	€	0.00	0.00	0.00	0.00
EPS after goodwill amortisation (diluted)	€	-0.03	0.00	0.00	0.00
EPS before goodwill amortisation (non-diluted)	€	-0.03	0.00	0.00	0.00
Payout ratio	**%**	**0.00**	**0.00**	**0.00**	**0.00**
Capital payout ratio (div +share buy back/net income)	**%**	**0.00**	**0.00**	**0.00**	

1. The number of shares reflects the impending dilution that will result from a much needed equity-funding to solve the cash problem.

Funding - Liquidity		12/22A	12/23E	12/24E	12/25E
EBITDA	€th	-1,280	-846	413	1,180
Funds from operations (FFO)	€th	-3,680	-2,046	266	811
Ordinary shareholders' equity	**€th**	**2,990**	**1,593**	**2,483**	**3,888**
Gross debt	€th	3,600	3,600	3,600	3,600
o/w Less than 1 year - Gross debt	€th	1,657	1,657	1,657	1,657
o/w 1 to 5 year - Gross debt	€th	270	270	270	270
of which Y+2	€th	0.00	0.00	0.00	0.00
of which Y+3	€th	270	270	270	270
of which Y+4	€th	0.00	0.00	0.00	0.00
of which Y+5	€th	0.00	0.00	0.00	0.00
o/w Beyond 5 years - Gross debt	€th	1,673	1,673	1,673	1,673
+ Gross Cash	€th	2,560	914	1,580	2,791
= Net debt / (cash)	**€th**	**1,040**	**2,686**	**2,020**	**809**
Other financing	€th	3,600	3,600	3,600	3,600
Gearing (at book value)	%	81.1	117	94.8	36.4
Equity/Total asset (%)	%	47.5	24.3	36.7	55.8
Adj. Net debt/EBITDA(R)	*x*	*-0.81*	*-3.17*	*4.89*	*0.69*
Adjusted Gross Debt/EBITDA(R)	*x*	*-2.82*	*-4.26*	*8.72*	*3.05*
Adj. gross debt/(Adj. gross debt+Equity)	*%*	*54.7*	*69.3*	*59.2*	*48.1*
Ebit cover	*x*	*-0.67*	*-0.99*	*0.27*	*5.67*
FFO/Gross Debt	*%*	*-102*	*-56.8*	*7.37*	*22.5*
FFO/Net debt	*%*	*-354*	*-76.2*	*13.1*	*100*
FCF/Adj. gross debt (%)	*%*	*-119*	*-73.4*	*-9.28*	*5.86*
(Gross cash+ "cash" FCF+undrawn)/ST debt	*x*	*-1.04*	*-1.05*	*0.75*	*1.81*
"Cash" FCF/ST debt	*x*	*-2.58*	*-1.60*	*-0.20*	*0.13*

ROE Analysis (Dupont's Breakdown)		12/22A	12/23E	12/24E	12/25E
Tax burden (Net income/pretax pre excp income)	x	1.00	1.00	1.11	0.64
EBIT margin (EBIT/sales)	%	-20.9	-15.2	0.38	5.41
Assets rotation (Sales/Avg assets)	%	122	122	148	208
Financial leverage (Avg assets /Avg equity)	x	2.83	2.80	3.27	2.16
ROE	**%**	**-181**	**-104**	**-5.42**	**12.7**
ROA	%	-32.2	-22.9	0.68	13.7

Shareholder's Equity Review (Group Share)		12/22A	12/23E	12/24E	12/25E
Y-1 shareholders' equity	€th	2,139	4,963	1,593	2,483
+ Net profit of year	€th	-3,996	-2,392	-110	405
- Dividends (parent cy)	€th	0.00	0.00	0.00	0.00
+ Additions to equity	€th	4,000	1,000	1,000	1,000
o/w reduction (addition) to treasury shares	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
- Unrecognised actuarial gains/(losses)	€th	0.00	0.00	0.00	0.00
+ Comprehensive income recognition	€th	2,820	-1,978	0.00	0.00
= Year end shareholders' equity	**€th**	**4,963**	**1,593**	**2,483**	**3,888**

Staffing Analytics

		12/22A	12/23E	12/24E	12/25E
Sales per staff	€th	403	391	410	530
Staff costs per employee	€th	-331	-335	-276	-269
Change in staff costs	*%*	*152*	*6.76*	*-1.33*	*9.99*
Change in unit cost of staff	*%*	*112*	*1.42*	*-17.8*	*-2.23*
Staff costs/(EBITDA+Staff costs)	*%*	*126*	*114*	*94.1*	*86.1*
Average workforce	**unit**	**19.0**	**20.0**	**24.0**	**27.0**
Europe	unit	0.00	0.00	0.00	0.00
North America	unit	0.00	0.00	0.00	0.00
South Americas	unit	0.00	0.00	0.00	0.00
Asia	unit	0.00	0.00	0.00	0.00
Other key countries	unit	60.0	60.0	60.0	60.0
Total staff costs	**€th**	**-6,280**	**-6,705**	**-6,616**	**-7,276**
Wages and salaries	€th	-6,280	-6,705	-6,616	-7,276
of which social security contributions	*€th*	*-1,580*	*-1,687*	*-1,665*	*-1,831*
Pension related costs	€th		0.00	0.00	0.00

Divisional Breakdown Of Revenues

		12/22A	12/23E	12/24E	12/25E
Total sales	**€th**	**7,650**	**7,817**	**9,833**	**14,304**
Services	€th	2,000	1,800	2,500	4,000
Factorig	€th	2,390	3,100	3,500	6,000
Solutions	€th	130	100	600	500
Contracting	€th	0.00	0.00	0.00	0.00
New Energies	€th	3,130	2,817	3,233	3,804
Other	€th				

Divisional Breakdown Of Earnings

		12/22A	12/23E	12/24E	12/25E
EBIT Analysis					
Services	€th	-200	-145	-29.1	-29.1
Factorig	€th	-467	-211	-34.5	457
Solutions	€th	-65.0	-10.0	-60.0	-60.0
Contracting	€th	0.00	0.00	0.00	0.00
New Energies	€th	-287	-632	421	725
Other/cancellations	€th				
Total	**€th**	**-1,019**	**-998**	**297**	**1,094**
EBIT margin	%	-13.3	-12.8	3.02	7.65

Revenue Breakdown By Country

		12/22A	12/23E	12/24E	12/25E
Other	%	100	100		

ROCE

		12/22A	12/23E	12/24E	12/25E
ROCE (NOPAT+lease exp.(1-tax))/(net) cap employed adjusted*	*%*	*-24.2*	*-17.2*	*0.51*	*10.3*
CFROIC	*%*	*-86.4*	*-50.8*	*-6.15*	*3.75*
Goodwill	€th	0.00	0.00	0.00	0.00
Accumulated goodwill amortisation	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
All intangible assets	€th	0.00	0.00	0.00	0.00
Accumulated intangible amortisation	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
Financial hedges (LT derivatives)	€th	0.00	0.00	0.00	0.00
Capitalised R&D	€th	3,860	4,114	4,338	4,532
Rights of use/ Capitalised leases	€th	0.00	0.00	0.00	0.00
Other fixed assets	€th	24.3	24.3	24.3	24.3
Accumulated depreciation	*€th*	*0.00*	*0.00*	*0.00*	*0.00*
WCR	€th	1,071	1,071	1,071	1,071
Other assets	€th	0.00	0.00	0.00	0.00
Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00	0.00
Capital employed after deprec. (Invested capital)	**€th**	**4,955**	**5,209**	**5,433**	**5,627**
Capital employed before depreciation	€th	4,955	5,209	5,433	5,627

Divisional Breakdown Of Capital Employed

		12/22A	12/23E	12/24E	12/25E
Services	€th				
Factorig	€th				
Solutions	€th				
Contracting	€th				
New Energies	€th				
Other	€th	4,955	5,209	5,433	5,627
Total capital employed	**€th**	**4,955**	**5,209**	**5,433**	**5,627**

Fundamental Opinion

It is implicit that recommendations are made in good faith but should not be regarded as the sole source of advice.

Recommendations are geared to a "**value**" approach.

Valuations are computed from the point of view of a **secondary market minority holder** looking at a medium term (say 6 months) performance.

Valuation tools are built around the concepts of **transparency,** all underlying figures are accessible, and **consistency,** same methodology whichever the stock, allowing for differences in nature between financial and non financial stocks. A stock with a target price below its current price should not and will not be regarded as an Add or a Buy.

Recommendations are based on target prices with no allowance for dividend returns. The thresholds for the four recommendation levels may change from time to time depending on market conditions. Thresholds are defined as follows, ASSUMING long risk free rates remain in the 2-5% region.

Recommendation	Low Volatility 10 < VIX index < 30	Normal Volatility 15 < VIX index < 35	High Volatility 35 < VIX index
Buy	More than 15% upside	More than 20% upside	More than 30% upside
Add	From 5% to 15%	From 5% to 20%	From 10% to 30%
Reduce	From -10% to 5%	From -10% to 5%	From -10% to 10%
Sell	Below -10%	Below -10%	Below -10%

There is deliberately no "neutral" recommendation. The principle is that there is no point investing in equities if the return is not at least the risk free rate (and the dividend yield which again is not allowed for).

Although recommendations are automated (a function of the target price whenever a new equity research report is released), the management of AlphaValue intends to maintain global consistency within its universe coverage and may, from time to time, decide to change global parameters which may affect the level of recommendation definitions and /or the distribution of recommendations within the four levels above. For instance, lowering the risk premium in a gloomy context may increase the proportion of positive recommendations.

Valuation

Valuation processes have been organized around transparency and consistency as primary objectives.

Stocks belong to different categories that recognise their main operating features : Banks, Insurers and Non Financials.

Within those three universes, the valuation techniques are the same and in relation to the financial data available.

The weighting given to individual valuation techniques is managed centrally and may be changed from time to time. As a rule, all stocks of a similar profile are valued using equivalent weighting of the various valuation techniques. This is for obvious consistency reasons.

Within the very large universe of Non Financials, there are in effect 4 sub-categories of weightings to cater for subsets: 1) 'Mainstream' stocks; 2) 'Holding companies' where the stress is on NAV measures; 3) 'Growth' companies where the stress is on peer based valuations; 4) 'Loss making sectors' where peers review is essentially pointing nowhere (ex: Bio techs). The bulk of the valuation is then built on DCF and NAV, in effect pushing back the time horizon.

Valuation Issue	Normal industrials	Growth industrials	Holding company	Loss runners	Bank	Insurers
DCF	35%	35%	10%	40%	0%	0%
NAV	20%	20%	55%	40%	50%	15%
PE	10%	10%	10%	5%	10%	20%
EV/EBITDA	20%	20%	0%	5%	0%	0%
Yield	10%	10%	20%	5%	10%	15%
Book	5%	5%	5%	5%	10%	10%
Banks' instrinsic method	0%	0%	0%	0%	10%	0%
Embedded Value	0%	0%	0%	0%	0%	40%
Mkt Cap/Gross Operating Profit	0%	0%	0%	0%	10%	0%