



Drone Volt

Aerosp. & Defence Equipt. / France

All eyes on Aquiline Drones

Waiting for Aquiline Drones' IPO - 24/03/2022

Change in Target Price

€ 0.08 vs 0.10 **-15.9%**

Despite the better than expected profitability linked to strong cost containment and several one-offs, our DCF has not changed. Our profitability outlook is brighter, as we now expect break-even in the net results by the end of FY24. However, the poor working capital in FY21 due to the rising inventory of finished products has offset the increase in the DCF valuation from our upgraded margins.

There could be some potential upside coming from the success of Aquiline Drones' IPO (expected this year), as it would provide the US firm with enough cash to execute the existing contracts with Drone Volt, which consist of 400 H2, 200 H10 and 500 H20 for a total potential value of over €10m. In addition, the Linedrone is expected to hit the market this year and, depending on its commercial success, there could be some upside. Our current estimates include the sales of 3 Linedrones.

Change in EPS

2022 : € 0.00 vs -0.01 **ns**
2023 : € 0.00 vs 0.00 **ns**

As mentioned previously, the profitability was better than expected. Opex was roughly flat yoy, despite the tremendous growth in sales. Wages, which account for a third of total opex, even decreased yoy. There have also been a few positive one-offs: a €900k exceptional income linked to the loss of Drone Volt's previous CEO, a low interest expense due to its successful deleveraging and tax income that made up nearly 50% of the negative EBIT. D&A also stood below our expectations, as the H2 figure amounted to 50% of the figure recognised in H1. All these factors have led to a strong net result of €-1,257m for FY21, far above our estimates. The impact is hardly visible in EPS terms.

Change in NAV

€ 0.15 vs 0.18 **-17.1%**

The NAV has been negatively impacted due to Drone Volt's revised cash situation. In our previous estimates, the 50% stake sale in Aerialtronics was received in cash which led to a strong rise in the net cash position. However, the sale was realised through a convertible obligation from Aquiline Drones which is planned to be converted when its IPO is done. Hence, the NAV has been impacted by the difference in cash from this operation. In addition, we had not expected a negative working capital of nearly €-6m, which also contributed to a lower net cash situation at the end of FY21. If Aquiline Drone completes its IPO, the convertible obligation would be converted and Drone Volt's cash situation could improve rapidly.

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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 : 56.3%
Target Price (6 months)	€ 0.08
Share Price	€ 0.05
Market Cap. €M	21.1
Price Momentum	UNFAVORABLE
Extremes 12Months	0.04 ▶ 0.27
Bloomberg	ALDRV FP Equity
Reuters	ALDRV.PA

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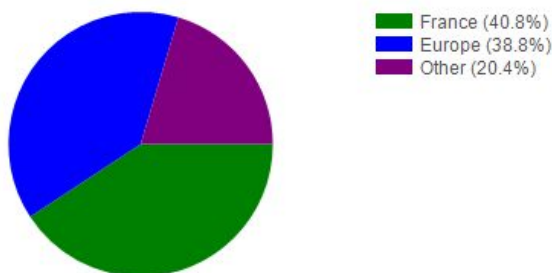


PERF	1w	1m	3m	12m
Drone Volt	0.39%	8.33%	-18.1%	-80.2%
Aerospace-Defence	1.02%	4.55%	7.97%	15.7%
SXXR Index	1.34%	0.17%	-5.57%	9.65%

Last updated: 24/03/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	ns	-17.9	-34.1	ns
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-82.2	ns	10.8	3.73
Adjusted EPS (€)	0.00	0.00	0.00	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	11,515	14,197	17,052
Other margin (%)	48.9	51.0	57.0	63.8
Attributable net profit (€th)	5,551	-1,118	-613	-11.7
ROE (after tax) (%)	19.5	-2.88	-1.52	-0.03
Gearing (%)	-6.87	-9.11	-13.9	-22.8

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

Sales by Geography



Consolidated P&L Accounts

		12/21A	12/22E	12/23E
Sales	€th	8,617	11,515	14,197
Change in sales	%	47.7	33.6	23.3
Change in staff costs	%	-9.54	7.89	10.2
EBITDA	€th	-808	-66.1	1,213
EBITDA(R) margin	%	-9.38	-0.57	8.54
Depreciation	€th			
Underlying operating profit	€th	-3,115	-2,369	-1,342
Operating profit (EBIT)	€th	-2,705	-2,453	-1,428
Net financial expense	€th	172	-176	-203
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th	6,630		
Corporate tax	€th	1,276	1,324	822
Equity associates	€th			
Minority interests	€th	178	187	196
Adjusted attributable net profit	€th	-1,079	-1,118	-613
NOPAT	€th	-2,181	-1,658	-940

Cashflow Statement

		12/21A	12/22E	12/23E
EBITDA	€th	-808	-66.1	1,213
Change in WCR	€th	-5,747	447	702
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	1,532	1,324	822
Exceptional items	€th			
Other operating cash flows	€th	-763	-100	-100
Total operating cash flows	€th	-5,786	1,605	2,637
Capital expenditure	€th	-3,067	-3,159	-2,527
Total investment flows	€th	-7,359	-1,359	1,223
Net interest expense	€th	172	-176	-203
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	13,206	0.00	1,000
Total financial flows	€th	13,311	588	1,297
Change in cash position	€th	167	834	5,156
Free cash flow (pre div.)	€th	-8,681	-1,730	-93.7

Per Share Data

		12/21A	12/22E	12/23E
No. of shares net of treas. stock (year...	Th	365,758	400,980	400,980
Number of diluted shares (average)	Th	283,258	384,486	402,097
Benchmark EPS	€	0.00	0.00	0.00
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.10	35%	● KUKA
NAV/SOTP per share	€ 0.15	20%	
EV/Ebitda	€ 0.03	20%	
P/E	€ 0.03	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.10	5%	
TARGET PRICE	€ 0.08	100%	

NAV/SOTP Calculation

Balance Sheet

		12/21A	12/22E	12/23E
Goodwill	€th	152	150	149
Total intangible	€th	6,371	6,494	6,714
Tangible fixed assets	€th	923	951	979
Financial fixed assets	€th			
WCR	€th	4,085	3,638	2,936
Other assets	€th	7,850	7,458	7,085
Total assets (net of short term liab.)	€th	35,751	35,104	34,452
Ordinary shareholders' equity	€th	39,151	38,446	42,300
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	1,234	1,358
Net debt (cash)	€th	-3,468	-3,538	-8,195
Total liab. and shareholders' equity	€th	35,751	35,104	34,452

Capital Employed

		12/21A	12/22E	12/23E
Capital employed after depreciation	€th	11,379	11,082	10,629

Profits & Risks Ratios

		12/21A	12/22E	12/23E
ROE (after tax)	%	19.5	-2.88	-1.52
ROCE	%	-19.2	-15.0	-8.84
Gearing (at book value)	%	-6.87	-9.11	-13.9
Adj. Net debt/EBITDA(R)	x	4.29	53.5	-6.76
Interest cover (x)	x	18.1	-13.5	-6.61

Valuation Ratios

		12/21A	12/22E	12/23E
Reference P/E (benchmark)	x	ns	-17.9	-34.1
Free cash flow yield	%	-12.4	-8.30	-0.45
P/Book	x	1.79	0.54	0.49
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/21A	12/22E	12/23E
Market cap	€th	70,109	20,851	20,851
+ Provisions	€th	101	105	121
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	-3,659	-3,739	-8,405
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th	3,580	4,922	2,947
+ Minority interests (fair value)	€th	3,465	3,430	3,430
= EV	€th	66,436	15,725	13,050
EV/EBITDA(R)	x	-82.2	ns	10.8
EV/Sales	x	7.71	1.37	0.92

Analyst : Romain Pierredon, Changes to Forecasts : 24/03/2022.