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Engineering-Heavy Constr. / France

Working on an integrated offer in new energies

14/04/2020

Change in EPS

2019 : € -0.15 vs -0.12	ns
2020 : € -0.32 vs -0.07	ns

Model update as we revise our estimates on oil & gas activities and integrate the collaboration in renewables.

We lower our estimates on Dolfines/Dietswell as oil & gas companies are trimming their expenditures in light of the \$30 oil. We expect oil companies' intense focus on capital discipline to weigh on oil & gas activities for the next two years, especially on the Factorig division (audit/inspection) and, to a lesser extent, on the Services division (technical assistance).

This crosses paths with the positive update in renewables. We believe the collaboration with CIMC Raffles alleviates R&D spending needs for the group, as this validates Dolfines' floater.

Lastly, due to the extreme volatility, we keep our modelling of the €3m financing line unchanged for the moment. As a reminder, we assume the conversion of €3m of bonds into 3.53m shares (assuming €0.85 per share), split between 2020 and 2021.

EPSs are down on our lower estimates, now seeing revenues of €3.50m for Factorig and €1.8m for Services in 2020 vs €4.8m for Factorig and €2.7m for Services previously.



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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 : 63.9%
Target Price (6 months)	€ 1.77
Share Price	€ 1.08
Market Cap. €M	6.87
Price Momentum	GOOD
Extremes 12Months	0.16 ▶ 1.38
Bloomberg	ALDIE FP Equity
Reuters	ALDIE.PA

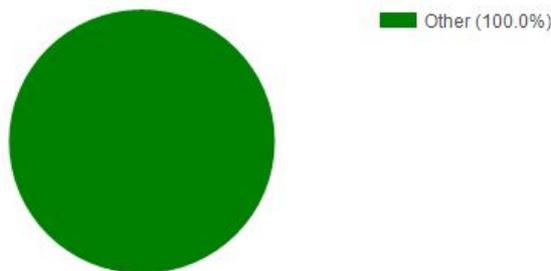

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PERF	1w	1m	3m	12m
Dietswell	260%	184%	22.7%	-6.09%
Capital Goods	6.14%	1.61%	-22.3%	-9.53%
SXXR Index	6.27%	-0.95%	-20.5%	-11.6%

Last updated: 14/04/2020	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	-18.8	-6.98	-3.37	-21.1
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	ns	-16.8	-9.77	-1.99
Adjusted EPS (€)	-0.05	-0.15	-0.32	-0.05
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	7,149	6,000	5,300	7,325
EBIT margin (%)	10.7	-12.8	5.03	24.6
Attributable net profit (€th)	-282	-986	-2,683	-582
ROE (after tax) (%)	-7.64	-28.8	-48.1	-4.35
Gearing (%)	25.8	65.3	-5.83	-45.9

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

Sales by Geography



Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	€th	7,149	6,000	5,300
Change in sales	%	5.54	-16.1	-11.7
Change in staff costs	%	4.85	-9.24	-7.40
EBITDA	€th	21.3	-575	-626
EBITDA(R) margin	%	0.30	-9.59	-11.8
Depreciation	€th			
Underlying operating profit	€th	-273	-925	-1,011
Operating profit (EBIT)	€th	-250	-925	-2,182
Net financial expense	€th	-29.3	-60.6	-501
of which related to pensions	€th		-5.70	-7.02
Exceptional items & other	€th	0.00	0.00	0.00
Corporate tax	€th	-2.45	0.00	0.00
Equity associates	€th			
Minority interests	€th			
Adjusted attributable net profit	€th	-282	-986	-2,683
NOPAT	€th	-175	-644	-1,522

Cashflow Statement

		12/18A	12/19E	12/20E
EBITDA	€th	21.3	-575	-626
Change in WCR	€th	-144	0.00	200
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	-2.45	0.00	0.00
Exceptional items	€th			
Other operating cash flows	€th	207		
Total operating cash flows	€th	82.0	-575	-426
Capital expenditure	€th	-1,313	-500	-500
Total investment flows	€th	-1,449	-500	-2,500
Net interest expense	€th	-29.3	-60.6	-501
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	1,061	0.00	9,137
Total financial flows	€th	1,743	424	7,788
Change in cash position	€th	377	-651	4,862
Free cash flow (pre div.)	€th	-1,260	-1,136	-1,427

Per Share Data

		12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...	Th	6,364	6,364	8,379
Number of diluted shares (average)	Th	5,834	6,364	8,379
Benchmark EPS	€	-0.05	-0.15	-0.32
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 2.74	35%	■ TechnipFMC
NAV/SOTP per share	€ 2.90	20%	■ Saipem
EV/Ebitda	€ 0.75	20%	■ Elecnor
P/E	€ 0.54	10%	■ Ecoslops
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.54	5%	
TARGET PRICE	€ 1.77	100%	

NAV/SOTP Calculation

Balance Sheet

		12/18A	12/19E	12/20E
Goodwill	€th			
Total intangible	€th	2,942	3,092	3,207
Tangible fixed assets	€th	1,136	1,136	1,136
Financial fixed assets	€th			
WCR	€th	2,192	2,192	1,992
Other assets	€th	188	182	182
Total assets (net of short term liab.)	€th	6,655	6,800	6,716
Ordinary shareholders' equity	€th	4,076	2,763	8,390
Quasi Equity & Preferred	€th			
Minority interests	€th		0.00	0.00
Provisions for pensions	€th		328	333
Other provisions for risks and liabilities	€th	83.4	83.4	83.4
Total provisions for risks and liabilities	€th	83.4	411	416
Tax liabilities	€th	1,225	1,225	1,225
Other liabilities	€th	31.2	31.2	31.2
Net debt (cash)	€th	1,239	2,370	-3,347
Total liab. and shareholders' equity	€th	6,655	6,800	6,716

Capital Employed

		12/18A	12/19E	12/20E
Capital employed after depreciation	€th	6,269	6,420	6,335

Profits & Risks Ratios

		12/18A	12/19E	12/20E
ROE (after tax)	%	-7.64	-28.8	-48.1
ROCE	%	-2.79	-10.0	-24.0
Gearing (at book value)	%	25.8	65.3	-5.83
Adj. Net debt/EBITDA(R)	x	58.3	-4.12	5.34
Interest cover (x)	x	-9.34	-16.9	-2.05

Valuation Ratios

		12/18A	12/19E	12/20E
Reference P/E (benchmark)	x	-18.8	-6.98	-3.37
Free cash flow yield	%	-21.8	-16.5	-15.8
P/Book	x	1.42	2.49	1.08
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/18A	12/19E	12/20E
Market cap	€th	5,784	6,881	9,050
+ Provisions	€th	83.4	411	416
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	1,239	2,370	-3,347
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	7,107	9,662	6,118
EV/EBITDA(R)	x	ns	-16.8	-9.77
EV/Sales	x	0.99	1.61	1.15

Analyst : Kevin Vo, Changes to Forecasts : 14/04/2020.