



Gaussin

Engineering-Heavy Constr. / France

Updated forecasts post the H1 release and the impact of warrant issuance

Pioneer in green-powered closed space mobility - 06/08/2023

Change in Target Price

€ 2.96 vs 4.90 **-39.5%**

Our target price goes down following downgrades across the DCF, NAV and peer based valuations. Recent dilution has been a major factor in this and, given that Gaussin will require funding to scale up manufacturing, future equity dilution cannot be ruled out and hence remains a key risk to consider.

Change in EPS

2023 : € 0.03 vs 0.28 **-89.9%**
2024 : € 0.11 vs 0.43 **-74.0%**

We have updated our share count forecasts for the company following the drawing of an equity line converting into 7m new shares. Additionally, we have also updated our operational forecasts for the company following the release of its first semester figures. Based on these figures we now expect profitability to be lower than initially expected and that improving margins will now take longer. The reasons for this are the slower ramp-up of current production and ongoing raw material inflation. Consequently, we have cut our 2023 EBITDA forecast from €20.9m to €2.5m and 2024 EBITDA from €28.7m to €6.2m.

Change in NAV

€ 5.30 vs 6.62 **-20.0%**

While we haven't materially updated our valuation of the assets within the company, the bulk of the revision in our NAV comes from the higher share count as Gaussin resorts to equity line financing. Moreover, with Gaussin aiming to scale up its production, the immediate need for working capital and capex will lead to an increase in net debt by c.€10m. This accounts for the remainder of the revision in our NAV.

Change in DCF

€ 4.58 vs 7.71 **-40.7%**

Our DCF valuation comes down due to three reasons. Firstly, our reduced profitability forecasts which result in lower FCF. Secondly, a change in the revenue and EBITDA growth rate in the out years from 8% to 5.5%. And thirdly, the dilution coming from a higher share count.



Kulwinder RAJPAL
capitalgoods@alphavalue.eu
+33 (0) 1 70 61 10 50
corporate.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

Buy	Upside : 93.6%
Target Price (6 months)	€ 2.96
Share Price	€ 1.53
Market Cap. €M	67.4
Price Momentum	NEGATIVE
Extremes 12Months	1.39 ▶ 5.10
Bloomberg	ALGAU FP Equity
Reuters	ALGAU.PA

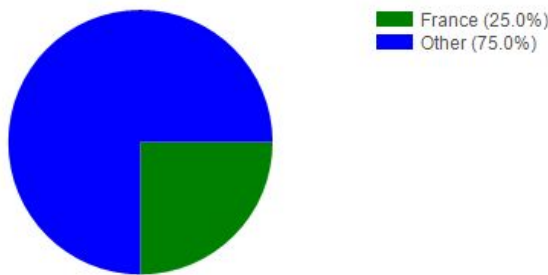
[Download Full Analysis](#)[Company Page](#)

PERF	1w	1m	3m	12m
Gaussin	-22.3%	-10.1%	-29.8%	-65.1%
Capital Goods	-1.97%	0.73%	0.95%	19.4%
SXXR Index	-2.40%	0.41%	0.65%	7.43%

Last updated: 06/08/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	-4.28	53.5	13.6	5.58
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-11.6	5.63	4.48	2.95
Adjusted EPS (€)	-1.09	0.03	0.11	0.27
Growth in EPS (%)	n/a	n/a	294	143
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	73.4	126	148	167
EBIT margin (%)	-42.0	2.00	4.20	7.80
Attributable net profit (€M)	-29.7	0.84	4.76	11.9
ROE (after tax) (%)	-205	10.3	30.8	44.1
Gearing (%)	425	287	206	96.2

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

Sales by Geography



Consolidated P&L Accounts

	12/22A	12/23E	12/24E
Sales	€M 73.4	126	148
Change in sales	% -1.46	72.3	17.3
Change in staff costs	% 15.5	11.5	30.0
EBITDA	€M -14.1	20.2	24.8
EBITDA(R) margin	% -19.3	16.0	16.7
Depreciation	€M -10.1	-10.7	-11.1
Underlying operating profit	€M -30.7	2.53	6.23
Operating profit (EBIT)	€M -30.9	2.33	6.03
Net financial expense	€M -1.56	-1.50	-1.50
of which related to pensions	€M	0.00	0.00
Exceptional items & other	€M 2.70	0.00	0.00
Corporate tax	€M 0.00	0.01	0.23
Equity associates	€M 0.00	0.00	0.00
Minority interests	€M 0.00	0.00	0.00
Adjusted attributable net profit	€M -29.5	1.04	4.96
NOPAT	€M -23.0	1.90	4.67

Cashflow Statement

	12/22A	12/23E	12/24E
EBITDA	€M -14.1	20.2	24.8
Change in WCR	€M 3.40	-18.6	-3.71
Actual div. received from equity holdi...	€M 0.00	0.00	0.00
Paid taxes	€M	0.01	0.23
Exceptional items	€M		
Other operating cash flows	€M -6.07	-5.00	-5.00
Total operating cash flows	€M -16.8	-3.37	16.3
Capital expenditure	€M -10.4	-11.4	-11.9
Total investment flows	€M -10.4	-12.4	-11.9
Net interest expense	€M -1.56	-1.50	-1.50
Dividends (parent company)	€M		
Dividends to minorities interests	€M 0.00	0.00	0.00
New shareholders' equity	€M 8.96	0.00	0.00
Total financial flows	€M 22.7	24.0	-3.50
Change in cash position	€M -4.44	8.25	0.93
Free cash flow (pre div.)	€M -28.7	-16.3	2.93

Per Share Data

	Mio	28.5	44.0	44.0
No. of shares net of treas. stock (year...)				
Number of diluted shares (average)		27.2	36.3	44.0
Benchmark EPS	€	-1.09	0.03	0.11
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 4.58	35%	● KION Group ● Jungheinrich Pref.
NAV/SOTP per share	€ 5.30	20%	
EV/Ebitda	€ 0.85	20%	
P/E	€ 0.91	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.77	5%	
TARGET PRICE	€ 2.96	100%	

NAV/SOTP Calculation

Balance Sheet

	12/22A	12/23E	12/24E
Goodwill	€M 7.07	7.07	7.07
Total intangible	€M 7.07	7.07	7.07
Tangible fixed assets	€M 17.7	19.0	19.3
Financial fixed assets	€M 1.73	1.70	1.70
WCR	€M 2.12	20.7	24.4
Other assets	€M 7.74	10.0	11.0
Total assets (net of short term liab.)	€M 36.4	58.5	63.5
Ordinary shareholders' equity	€M 4.75	11.5	19.4
Quasi Equity & Preferred	€M		
Minority interests	€M 0.44	0.40	0.40
Provisions for pensions	€M	0.00	0.00
Other provisions for risks and liabilities	€M 6.86	5.00	5.00
Total provisions for risks and liabilities	€M 6.86	5.00	5.00
Tax liabilities	€M		
Other liabilities	€M		
Net debt (cash)	€M 24.3	41.6	38.7
Total liab. and shareholders' equity	€M 36.4	58.5	63.5

Capital Employed

	12/22A	12/23E	12/24E
Capital employed after depreciation	€M 28.6	48.5	52.5

Profits & Risks Ratios

	%	-205	10.3	30.8
ROE (after tax)				
ROCE	% -80.4	3.91	8.90	
Gearing (at book value)	% 425	287	206	
Adj. Net debt/EBITDA(R)	x -1.72	2.05	1.56	
Interest cover (x)	x -19.7	1.69	4.15	

Valuation Ratios

	x	-4.28	53.5	13.6
Reference P/E (benchmark)				
Free cash flow yield	% -21.6	-24.1	4.34	
P/Book	x 28.0	5.86	3.46	
Dividend yield	% 0.00	0.00	0.00	

EV Calculation

	€M	133	67.4	67.4
Market cap				
+ Provisions	€M 6.86	5.00	5.00	
+ Unrecognised actuarial losses/(gains)	€M 0.00	0.00	0.00	
+ Net debt at year end	€M 24.3	41.6	38.7	
+ Leases debt equivalent	€M 0.00	0.00	0.00	
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M 164	114	111	
EV/EBITDA(R)	x -11.6	5.63	4.48	
EV/Sales	x 2.24	0.90	0.75	

Analyst : Kulwinder Rajpal, Changes to Forecasts : 06/08/2023.