



Blackstone

Batteries-Battery Sys / Switzerland

Better-than-expected results; battery R&D progress continues unabated

Banking big on battery technology breakthrough(s) - 18/05/2021

Change in Target Price

CHF 12.1 vs 12.7 -4.61%

Bulk of Blackstone Resources' value lies in the long term – which also reflects in a material NAV upside. Hence, our positive stock recommendation is maintained. This view is backed by a series of battery R&D milestones and financing arrangements since mid-2020.

Change in EPS

2021 : CHF -0.20 vs 0.27 ns
 2022 : CHF 0.08 vs 0.84 -90.4%

With the near term still focused on battery R&D and development / kick-start of respective divisions, the earnings / cash flow metrics are likely to remain restrained. Hence, our earnings estimates reset materially lower.



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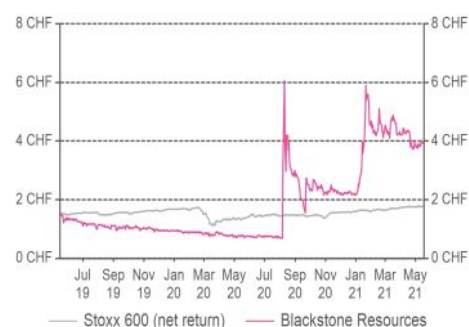
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This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Buy Upside : 206%

Target Price (6 months)	CHF 12.1
Share Price	CHF 3.94
Market Cap. CHFM	168
Price Momentum	GOOD
Extremes 12Months	0.69 ▶ 6.05
Bloomberg	BLS SW Equity
Reuters	BLS.S


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PERF	1w	1m	3m	12m
Blackstone Resources	2.60%	-9.63%	-22.7%	405%
Capital Goods	-1.33%	-3.73%	5.37%	65.1%
SXXR Index	-0.63%	0.47%	7.45%	37.7%

Last updated: 18/05/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	3.60	-20.0	48.9	5.23
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-38.9	22.0	5.76	2.75
Adjusted EPS (CHF)	0.42	-0.20	0.08	0.75
Growth in EPS (%)	225	n/a	n/a	836
Dividend (CHF)	0.00	0.00	0.00	0.00
Sales (CHFM)	0.01	141	309	473
EBITDA/R margin (%)	ns	8.55	13.8	18.6
Attributable net profit (CHFM)	17.7	-8.39	3.44	32.2
ROE (after tax) (%)	55.5	-14.4	3.29	21.1
Gearing (%)	53.9	30.7	23.4	14.5

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

Sales by Geography

Valuation Summary

Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	CHFM	0.01	141	309
Change in sales	%	ns	ns	118
Change in staff costs	%	379	66.7	18.3
EBITDA	CHFM	-3.06	11.1	41.6
EBITDA(R) margin	%	ns	7.84	13.5
Depreciation	CHFM	-1.38	-20.6	-36.2
Underlying operating profit	CHFM	-4.43	-9.52	5.39
Operating profit (EBIT)	CHFM	17.7	-9.52	5.39
Net financial expense	CHFM	-0.64	-0.27	-0.69
of which related to pensions	CHFM		0.00	0.00
Exceptional items & other	CHFM	0.00	0.00	0.00
Corporate tax	CHFM	0.16	1.96	0.94
Equity associates	CHFM	0.00	0.00	0.00
Minority interests	CHFM	0.51	-0.57	-2.21
Adjusted attributable net profit	CHFM	17.7	-8.39	3.44
NOPAT	CHFM	12.4	-6.66	3.78

Cashflow Statement

EBITDA	CHFM	-3.06	11.1	41.6
Change in WCR	CHFM	-0.23	-6.89	-11.3
Actual div. received from equity holdi...	CHFM	0.00	0.00	0.00
Paid taxes	CHFM	-0.09	1.96	0.94
Exceptional items	CHFM	0.00	0.00	0.00
Other operating cash flows	CHFM	0.07	0.00	0.00
Total operating cash flows	CHFM	-3.30	6.16	31.2
Capital expenditure	CHFM	0.00	-73.4	-73.7
Total investment flows	CHFM	0.19	-27.0	-23.4
Net interest expense	CHFM	-0.64	-0.27	-0.69
Dividends (parent company)	CHFM	0.00	0.00	0.00
Dividends to minorities interests	CHFM	0.00	0.00	0.00
New shareholders' equity	CHFM	-0.08	0.00	0.00
Total financial flows	CHFM	2.07	24.5	-5.96
Change in cash position	CHFM	-1.11	3.75	1.85
Free cash flow (pre div.)	CHFM	-3.94	-67.5	-43.1

Per Share Data

No. of shares net of treas. stock (year...	Mio	42.7	42.7	42.7
Number of diluted shares (average)	Mio	42.7	42.7	42.7
Benchmark EPS	CHF	0.42	-0.20	0.08
Restated NAV per share	CHF			
Net dividend per share	CHF	0.00	0.00	0.00

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 4.35	40%	● Eramet
NAV/SOTP per share	CHF 24.4	40%	■ Boliden
P/E	CHF 1.97	5%	■ Johnson Matthey
EV/Ebitda	CHF 2.42	5%	■ Umicore
P/Book	CHF 7.35	5%	
Dividend Yield	CHF 0.00	5%	
TARGET PRICE	CHF 12.1	100%	

NAV/SOTP Calculation

Balance Sheet

		12/20A	12/21E	12/22E
Goodwill	CHFM	88.5	88.5	88.5
Total intangible	CHFM	88.5	88.5	88.5
Tangible fixed assets	CHFM	10.1	62.8	100
Financial fixed assets	CHFM	0.00	0.00	0.00
WCR	CHFM	-1.60	5.29	16.6
Other assets	CHFM	3.07	3.07	3.07
Total assets (net of short term liab.)	CHFM	102	162	211
Ordinary shareholders' equity	CHFM	39.0	77.5	131
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM	44.0	44.6	46.8
Provisions for pensions	CHFM	0.13	-0.43	-0.63
Other provisions for risks and liabilities	CHFM	0.00	0.00	0.00
Total provisions for risks and liabilities	CHFM	0.13	-0.43	-0.63
Tax liabilities	CHFM	5.90	5.90	5.90
Other liabilities	CHFM			
Net debt (cash)	CHFM	13.3	34.3	27.2
Total liab. and shareholders' equity	CHFM	102	162	211

Capital Employed

Capital employed after depreciation	CHFM	96.9	157	205
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Profits & Risks Ratios

ROE (after tax)	%	55.5	-14.4	3.29
ROCE	%	12.8	-4.25	1.84
Gearing (at book value)	%	53.9	30.7	23.4
Adj. Net debt/EBITDA(R)	x	-4.34	3.10	0.65
Interest cover (x)	x	-6.89	-36.1	7.88

Valuation Ratios

Reference P/E (benchmark)	x	3.60	-20.0	48.9
Free cash flow yield	%	-6.17	-40.1	-25.6
P/Book	x	1.64	2.17	1.28
Dividend yield	%	0.00	0.00	0.00

EV Calculation

Market cap	CHFM	63.8	168	168
+ Provisions	CHFM	0.13	-0.43	-0.63
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	13.3	34.3	27.2
+ Leases debt equivalent	CHFM	0.00	0.00	0.00
- Financial fixed assets (fair value)	CHFM	2.21	2.21	2.21
+ Minority interests (fair value)	CHFM	44.0	44.6	46.8
= EV	CHFM	119	244	239
EV/EBITDA(R)	x	-38.9	22.0	5.76
EV/Sales	x	ns	1.73	0.78

Analyst : Varun Sikka, Changes to Forecasts : 18/05/2021.