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Engineering-Heavy Constr. / France

Strategic options to fast track the floater

08/09/2020

Change in Opinion

Add vs Buy

Change in Target Price

€ 1.38 vs 1.86 **-25.6%**

Following the H1 update, we have lowered our estimates for oil & gas activities and now see FY20 revenues of €4.8m vs €5.3m previously and FY21 revenues of €5.3m vs €7.3m previously. While the newsflow is undoubtedly positive in renewables, the current retreat in drilling activities impacts our valuation.

Change in EPS

2020 : € -0.23 vs -0.32 **ns**
 2021 : € -0.16 vs -0.05 **ns**

2020 is down due to the revision in the Audit & Inspection division (Factorig) with revenues at €2.6m vs €3.5m previously. 2021 is down due to revision in the Audit & Inspection division (Factorig) with revenues at €3m vs €3.7m previously as well as in the New Energies division (Dolfines New Energies) as we shift the commercialisation of the floater from 2021 to 2022. The lower estimates at Factorig is justified by our cautious stance on the recovery of investments in oil & gas.

Note that, as we shift the commercialisation of the floater by one year, we have also delayed the issuance of €4m of debt from 2020 to 2021. This therefore reduces the interest expenses and impacts positively the EPS for 2020 (despite our negative revision in oil & gas).

Change in NAV

€ 2.50 vs 2.90 **-13.9%**

The NAV is down on higher net debt (as a result of the lower estimates for FY20), as well as a lower valuation of the Factorig division (down by 10% to €6m) which is justified by the lower estimates for the division in 2020 and 2021.

Change in DCF

€ 2.25 vs 2.76 **-18.2%**

The DCF is down on our lower estimates for 2020 and 2021 in oil & gas activities.



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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

Add	Upside : 9.34%
Target Price (6 months)	€ 1.38
Share Price	€ 1.27
Market Cap. €M	8.05
Price Momentum	STRONG
Extremes 12Months	0.16 ▶ 1.61
Bloomberg	ALDIE FP Equity
Reuters	ALDIE.PA

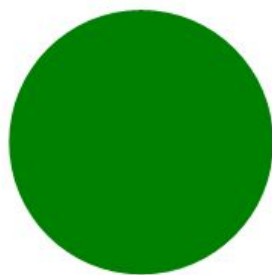

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PERF	1w	1m	3m	12m
Dietswell	-9.64%	14.5%	63.4%	18.2%
Capital Goods	1.29%	2.52%	8.24%	25.9%
SXXR Index	0.43%	1.39%	-1.41%	-2.87%

Last updated: 08/09/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	-4.39	-5.49	-8.11	-14.7
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-10.3	-8.43	-13.4	ns
Adjusted EPS (€)	-0.25	-0.23	-0.16	-0.09
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	6,031	4,750	5,350	7,025
EBIT margin (%)	-23.5	-37.4	-6.61	-0.36
Attributable net profit (€th)	-2,669	-1,871	-1,638	-897
ROE (after tax) (%)	-96.4	-142	-173	-302
Gearing (%)	137	241	434	

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

Sales by Geography



Other (100.0%)

Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	€th	6,031	4,750	5,350
Change in sales	%	-15.6	-21.2	12.6
Change in staff costs	%	-13.6	-16.0	0.00
EBITDA	€th	-936	-1,584	-1,175
EBITDA(R) margin	%	-15.5	-33.4	-22.0
Depreciation	€th			
Underlying operating profit	€th	-1,405	-1,850	-1,456
Operating profit (EBIT)	€th	-2,505	-1,850	-1,456
Net financial expense	€th	-134	-20.8	-485
of which related to pensions	€th		-2.85	-3.51
Exceptional items & other	€th	-28.2	0.00	0.00
Corporate tax	€th	-1.53	0.00	0.00
Equity associates	€th			
Minority interests	€th			304
Adjusted attributable net profit	€th	-1,569	-1,871	-1,638
NOPAT	€th	-984	-1,293	-1,017

Cashflow Statement

EBITDA	€th	-936	-1,584	-1,175
Change in WCR	€th	0.00	200	0.00
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th		0.00	0.00
Exceptional items	€th			
Other operating cash flows	€th			
Total operating cash flows	€th	-936	-1,384	-1,175
Capital expenditure	€th	-326	-500	-300
Total investment flows	€th	-326	-500	-300
Net interest expense	€th	-134	-20.8	-485
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	0.00	1,760	1,490
Total financial flows	€th	-134	936	1,008
Change in cash position	€th	-1,395	-948	-467
Free cash flow (pre div.)	€th	-1,395	-1,905	-1,960

Per Share Data

No. of shares net of treas. stock (year...	Th	6,364	8,124	9,614
Number of diluted shares (average)	Th	6,364	8,124	10,494
Benchmark EPS	€	-0.25	-0.23	-0.16
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 2.25	35%	■ Elecnor
NAV/SOTP per share	€ 2.50	20%	■ Saipem
EV/Ebitda	€ 0.00	20%	■ TechnipFMC
P/E	€ 0.63	10%	■ Nordex SE
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.63	5%	
TARGET PRICE	€ 1.38	100%	

NAV/SOTP Calculation

Balance Sheet

		12/19A	12/20E	12/21E
Goodwill	€th			
Total intangible	€th	3,034	3,268	3,287
Tangible fixed assets	€th	24.2	24.2	24.2
Financial fixed assets	€th			
WCR	€th	1,728	1,528	1,528
Other assets	€th	113	99.1	99.1
Total assets (net of short term liab.)	€th	5,201	5,221	5,240
Ordinary shareholders' equity	€th	1,458	1,171	720
Quasi Equity & Preferred	€th			
Minority interests	€th	0.00	0.00	0.00
Provisions for pensions	€th		164	166
Other provisions for risks and liabilities	€th	28.4	28.4	28.4
Total provisions for risks and liabilities	€th	28.4	192	195
Tax liabilities	€th	947	947	947
Other liabilities	€th	22.6	22.6	22.6
Net debt (cash)	€th	2,746	2,889	3,355
Total liab. and shareholders' equity	€th	5,202	5,221	5,240

Capital Employed

Capital employed after depreciation	€th	4,787	4,821	4,840
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Profits & Risks Ratios

ROE (after tax)	%	-96.4	-142	-173
ROCE	%	-20.6	-26.8	-21.0
Gearing (at book value)	%	137	241	434
Adj. Net debt/EBITDA(R)	x	-2.93	-1.82	-2.86
Interest cover (x)	x	-10.5	-103	-3.02

Valuation Ratios

Reference P/E (benchmark)	x	-4.39	-5.49	-8.11
Free cash flow yield	%	-20.3	-18.5	-16.1
P/Book	x	4.72	8.78	16.9
Dividend yield	%	0.00	0.00	0.00

EV Calculation

Market cap	€th	6,881	10,277	12,162
+ Provisions	€th	28.4	192	195
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	2,746	2,889	3,355
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	9,656	13,358	15,712
EV/EBITDA(R)	x	-10.3	-8.43	-13.4
EV/Sales	x	1.60	2.81	2.94

Analyst : Kevin Vo, Changes to Forecasts : 08/09/2020.