



Drone Volt

Aersp. & Defence Equipt. / France

H1-22 Model Update

From product to service - 12/10/2022

Change in EPS

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

Drone Volt saw a significant increase in expenses during the first semester, which was a drag on margins. The rise in marketing expenses (especially related to exhibition participations) amounted to €250k. In addition, through the acquisition of Viking Drones, Drone Volt recruited 3 top-notch engineers which have to be paid, leading to a 25% increase in the wage bill. This was combined with Aquiline Drone's announcement stating that it would no longer pay the license contract. This will remove c.€650k of potential revenues in H2-22, which is pure profit for Drone Volt. Hence, we expect the gross margin for the coming semester to be below that of H1-22. We still expect growth in the H2-22 yoy and believe that the major one-off costs have already been accounted for in the H1-22 P&L statement.

Change in NAV

€ 0.12 vs 0.15 -23.2%

We have reduced the NAV to account for the slower growth than previously expected. Although we have increased the sales expected from Distribution thanks to the acquisition of SKYTOOLS (and its strong performance), we have adjusted downwards the Royalties revenues following the Aquiline Drone announcement and the Drone Volt Factory revenues given the slow execution of the promised contract from the Hungarian customer and Aquiline Drone.

Change in DCF

€ 0.03 vs 0.10 -69.1%

Due the decreased profitability, we have reviewed downwards Drone Volt's cash generation. In addition, its inventory has slightly increased while we had been expecting a material decrease over the year. While the Hungarian and Aquiline Drone contracts have been postponed, Drone Volt has managed to diversify its customer base and we believe its short-term growth is intact. The switch from products to services will also drive profitability. Hence, we have increased our DCF EBITDA long-term growth rate from 9.5% to 11% to account for this. The LineDrone as a service could be a major catalyst if the commercial traction is strong.



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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 : 40.2%

Target Price (6 months)	€ 0.04
Share Price	€ 0.03
Market Cap. €M	12.2
Price Momentum	NEGATIVE
Extremes 12Months	0.02 ▶ 0.14
Bloomberg	ALDRV FP Equity
Reuters	ALDRV.PA



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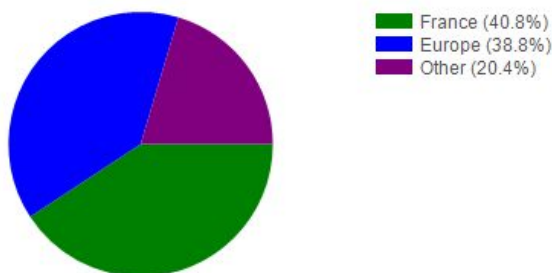


PERF	1w	1m	3m	12m
Drone Volt	0.72%	-32.2%	2.21%	-77.2%
Aerospace-Defence	-0.63%	-2.29%	-4.15%	-5.48%
SXXR Index	-3.72%	-7.63%	-6.15%	-13.0%

Last updated: 12/10/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	ns	-3.27	-4.67	-6.39
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-86.6	-7.77	-33.6	10.7
Adjusted EPS (€)	0.00	-0.01	-0.01	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	10,111	12,478	14,213
Other margin (%)	48.9	36.9	47.9	52.7
Attributable net profit (€th)	5,551	-3,413	-2,596	-1,897
ROE (after tax) (%)	19.5	-8.66	-6.38	-4.57
Gearing (%)	-6.87	-6.58	-7.13	-10.3

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

Sales by Geography



Consolidated P&L Accounts

		12/21A	12/22E	12/23E
Sales	€th	8,617	10,111	12,478
Change in sales	%	47.7	17.3	23.4
Change in staff costs	%	-9.54	40.0	2.00
EBITDA	€th	-808	-1,729	-328
EBITDA(R) margin	%	-9.38	-17.1	-2.63
Depreciation	€th			
Underlying operating profit	€th	-3,115	-4,560	-3,447
Operating profit (EBIT)	€th	-2,705	-4,644	-3,533
Net financial expense	€th	172	-180	-209
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th	6,630		
Corporate tax	€th	1,276	1,224	949
Equity associates	€th			
Minority interests	€th	178	187	196
Adjusted attributable net profit	€th	-1,079	-3,413	-2,596
NOPAT	€th	-2,181	-3,192	-2,413

Cashflow Statement

		12/21A	12/22E	12/23E
EBITDA	€th	-808	-1,729	-328
Change in WCR	€th	-5,747	225	723
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	1,532	1,224	949
Exceptional items	€th			
Other operating cash flows	€th	-763	100	100
Total operating cash flows	€th	-5,786	-180	1,445
Capital expenditure	€th	-3,067	-3,159	-2,527
Total investment flows	€th	-7,359	-1,359	1,223
Net interest expense	€th	172	-180	-209
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	13,206	0.00	0.00
Total financial flows	€th	13,311	784	191
Change in cash position	€th	167	-755	2,859
Free cash flow (pre div.)	€th	-8,681	-3,519	-1,291

Per Share Data

		12/21A	12/22E	12/23E
No. of shares net of treas. stock (year...	Th	365,758	435,100	435,100
Number of diluted shares (average)	Th	283,258	401,546	436,217
Benchmark EPS	€	0.00	-0.01	-0.01
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.03	35%	● KUKA
NAV/SOTP per share	€ 0.12	20%	
EV/Ebitda	€ 0.00	20%	
P/E	€ 0.01	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.06	5%	
TARGET PRICE	€ 0.04	100%	

NAV/SOTP Calculation

Balance Sheet

		12/21A	12/22E	12/23E
Goodwill	€th	152	166	164
Total intangible	€th	6,371	6,913	7,143
Tangible fixed assets	€th	923	1,006	1,036
Financial fixed assets	€th			
WCR	€th	4,085	3,860	3,136
Other assets	€th	7,850	8,557	8,813
Total assets (net of short term liab.)	€th	35,751	39,867	39,864
Ordinary shareholders' equity	€th	39,151	39,654	41,783
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	3,000	3,300
Net debt (cash)	€th	-3,468	-1,749	-4,208
Total liab. and shareholders' equity	€th	35,751	39,867	39,864

Capital Employed

		12/21A	12/22E	12/23E
Capital employed after depreciation	€th	11,379	11,779	11,316

Profits & Risks Ratios

		12/21A	12/22E	12/23E
ROE (after tax)	%	19.5	-8.66	-6.38
ROCE	%	-19.2	-27.1	-21.3
Gearing (at book value)	%	-6.87	-6.58	-7.13
Adj. Net debt/EBITDA(R)	x	4.29	1.01	12.8
Interest cover (x)	x	18.1	-25.4	-16.5

Valuation Ratios

		12/21A	12/22E	12/23E
Reference P/E (benchmark)	x	ns	-3.27	-4.67
Free cash flow yield	%	-12.4	-29.1	-10.7
P/Book	x	1.79	0.31	0.29
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/21A	12/22E	12/23E
Market cap	€th	70,109	12,096	12,096
+ Provisions	€th	101	105	121
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	-3,659	-1,950	-4,418
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th	44.0	242	208
+ Minority interests (fair value)	€th	3,465	3,430	3,430
= EV	€th	69,972	13,439	11,020
EV/EBITDA(R)	x	-86.6	-7.77	-33.6
EV/Sales	x	8.12	1.33	0.88

Analyst : Romain Pierredon, Changes to Forecasts : 12/10/2022.