



Gaussin

Engineering-Heavy Constr. / France

Factoring in the dilution from CSG and a deterioration in the 2023 performance

Pioneer in green-powered closed space mobility but troubled by operational scares - 03/11/2023

Change in Opinion

Reduce vs Buy

Change in EPS

2023 : € -0.02 vs 0.03	ns
2024 : € 0.05 vs 0.11	-55.4%

We have trimmed our EPS estimates after the group withdrew its sales guidance. With sales now expected to be lower than €100, we believe that there is a threat to licensing revenues, which directly add to profits. Additionally, vehicle sales could also be impacted, which would lead to under-absorption of costs and further reduce profits. Lastly, we take into account the potential dilution from existing shares by the issue of 25m additional shares from the loans given to the company by CSG which will increase the share count from 37m to 62m shares.

Change in NAV

€ 1.45 vs 5.30 -72.7%

For the NAV calculation, we have cut our multiples for the licensing and the Service business. Moreover, we have also cut our anticipated sales figures used to derive the valuation of the Vehicles and Licensing businesses. Finally, our NAV also takes on board the impact of the potential dilution looming over the company.

Change in DCF

€ 1.23 vs 4.45 -72.4%

Our DCF valuation is impacted by the increased share count as well as the reduction in our short-term forecasts for the group. We now expect profitability to be lower in 2024 and 2025, and believe that the group will need to revamp its strategy to become profitable on a sustainable basis.



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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

Reduce

Upside : -1.14%

Target Price (6 months) € 0.82

Share Price € 0.83

Market Cap. €M 30.8

Price Momentum **NEGATIVE**

Extremes 12Months 0.73 ▶ 4.48

Bloomberg ALGAU FP Equity

Reuters ALGAU.PA

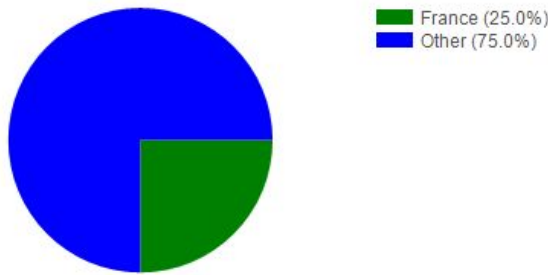
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PERF	1w	1m	3m	12m
Gaussin	12.2%	-22.6%	-40.1%	-81.5%
Capital Goods	4.55%	-3.17%	-11.8%	12.3%
SXXR Index	2.39%	0.70%	-3.38%	10.2%

Last updated: 03/11/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	-4.28	-41.1	16.5	8.10
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-11.6	5.20	4.95	3.53
Adjusted EPS (€)	-1.09	-0.02	0.05	0.10
Growth in EPS (%)	n/a	n/a	n/a	104
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	73.4	84.7	118	148
EBIT margin (%)	-42.0	1.00	3.30	5.10
Attributable net profit (€M)	-29.7	-0.86	2.29	6.16
ROE (after tax) (%)	-205	-27.9	49.6	48.1
Gearing (%)	425	1,906	421	199

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

Sales by Geography



Consolidated P&L Accounts

		12/22A	12/23E	12/24E
Sales	€M	73.4	84.7	118
Change in sales	%	-1.46	15.3	38.9
Change in staff costs	%	15.5	11.5	30.0
EBITDA	€M	-14.1	12.7	18.6
EBITDA(R) margin	%	-19.3	15.0	15.8
Depreciation	€M	-10.1	-7.20	-8.82
Underlying operating profit	€M	-30.7	0.85	3.88
Operating profit (EBIT)	€M	-30.9	0.65	3.68
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	0.11
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	-0.66	2.49
NOPAT	€M	-23.0	0.63	2.91

Cashflow Statement

		12/22A	12/23E	12/24E
EBITDA	€M	-14.1	12.7	18.6
Change in WCR	€M	3.40	-3.50	-7.94
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M		-0.01	0.11
Exceptional items	€M			
Other operating cash flows	€M	-6.07	-5.00	-5.00
Total operating cash flows	€M	-16.8	4.19	5.75
Capital expenditure	€M	-10.4	-7.62	-9.41
Total investment flows	€M	-10.4	-8.62	-9.41
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	19.6	-7.16
Free cash flow (pre div.)	€M	-28.7	-4.93	-5.16

Per Share Data

		12/22A	12/23E	12/24E
No. of shares net of treas. stock (year...)	Mio	28.5	37.1	62.1
Number of diluted shares (average)	Mio	27.2	32.8	49.6
Benchmark EPS	€	-1.09	-0.02	0.05
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 1.23	35%	<ul style="list-style-type: none"> KION Group Jungheinrich Pref.
NAV/SOTP per share	€ 1.45	20%	
EV/Ebitda	€ 0.20	20%	
P/E	€ 0.42	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.42	5%	
TARGET PRICE	€ 0.82	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	12.7	15.3
Financial fixed assets	€M	1.73	1.70	1.70
WCR	€M	2.12	5.62	13.6
Other assets	€M	7.74	10.0	11.0
Total assets (net of short term liab.)	€M	36.4	37.1	48.6
Ordinary shareholders' equity	€M	4.75	1.43	7.80
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	30.3	35.4
Total liab. and shareholders' equity	€M	36.4	37.1	48.6

Capital Employed

		12/22A	12/23E	12/24E
Capital employed after depreciation	€M	28.6	27.1	37.6

Profits & Risks Ratios

		12/22A	12/23E	12/24E
ROE (after tax)	%	-205	-27.9	49.6
ROCE	%	-80.4	2.34	7.74
Gearing (at book value)	%	425	1,906	421
Adj. Net debt/EBITDA(R)	x	-1.72	2.38	1.91
Interest cover (x)	x	-19.7	0.56	2.59

Valuation Ratios

		12/22A	12/23E	12/24E
Reference P/E (benchmark)	x	-4.28	-41.1	16.5
Free cash flow yield	%	-21.6	-16.0	-10.0
P/Book	x	28.0	21.5	6.61
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/22A	12/23E	12/24E
Market cap	€M	133	30.8	51.5
+ 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	30.3	35.4
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	164	66.0	91.9
EV/EBITDA(R)	x	-11.6	5.20	4.95
EV/Sales	x	2.24	0.78	0.78

Analyst : Kulwinder Rajpal, Changes to Forecasts : 03/11/2023.