



Drone Volt

Aerosp. & Defence Equipt. / France

€8.8m capital increase gives 12 convertible-free months to investors

Contract execution for a potentially record year - 13/12/2021

Change in NAV

€ 0.20 vs 0.24 **-18.0%**

As the total number of shares will rise from 251.9m to 369.1m (with an acquisition price 15% below the previous market price), the NAV valuation has also been negatively impacted. There are two positive takeaways from this capital increase. First, Drone Volt has shown that it has the right targets when it comes to external growth, as it has shown through the acquisition of Aerialtronics (€6m added value). Secondly, even though this capital increase significantly dilutes current shareholders (a -32% impact), Drone Volt has stated that it would no longer use dilutive instruments over the next 12 months. The increasing number of shares outstanding through equity lines has been the main reason for the price decrease. Should the number of shares remain stable going forward, we can expect some positive impact.

Change in DCF

€ 0.21 vs 0.26 **-18.5%**

Drone Volt has increased its capital by offering 117.2 million new shares without preemptive rights for a total value of €8.8m to several selected investors. The issue at €0.075 is at a 20.2% discount compared to the 10 previous trading days' average price.

The capital raised will be used for three main reasons:

- 50% for acquisitions (of which a portion has been engaged with the intention to acquire a Dutch drone player);
- 25% for R&D;
- 25% to finance the increase in working capital needs resulting from the increase in production linked to the Aquiline Drone contracts and to finance the first Linedrone.

As it is a dilutive process, the DCF has been negatively impacted.

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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 : 114%
Target Price (6 months)	€ 0.15
Share Price	€ 0.07
Market Cap. €M	26.1
Price Momentum	NEGATIVE
Extremes 12Months	0.07 ▶ 0.32
Bloomberg	ALDRV FP Equity
Reuters	ALDRV.PA

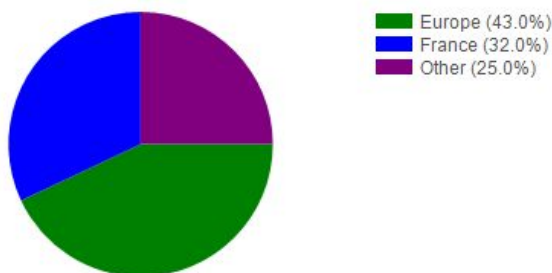
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PERF	1w	1m	3m	12m
Drone Volt	-21.3%	-42.2%	-54.5%	-77.4%
Aerospace-Defence	4.17%	-11.0%	-4.34%	2.72%
SXXR Index	2.76%	-1.58%	2.31%	23.6%

Last updated: 13/12/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-3.14	-10.8	-46.8	16.6
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-12.1	5.57	-7.28	-1.23
Adjusted EPS (€)	-0.05	-0.01	0.00	0.00
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	5,836	9,972	13,654	18,931
Other margin (%)	29.3	37.4	42.5	50.4
Attributable net profit (€th)	-6,393	4,655	-553	1,565
ROE (after tax) (%)	-47.6	16.6	-1.47	4.13
Gearing (%)	8.95	-31.5	-58.8	-57.8

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

Sales by Geography



Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	€th	5,836	9,972	13,654
Change in sales	%	-17.9	70.9	36.9
Change in staff costs	%	-5.12	5.40	17.0
EBITDA	€th	-2,065	-524	1,016
EBITDA(R) margin	%	-35.4	-5.25	7.44
Depreciation	€th			
Underlying operating profit	€th	-4,189	-3,576	-1,043
Operating profit (EBIT)	€th	-8,181	-2,875	-1,336
Net financial expense	€th	-673	-341	-266
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th		6,500	
Corporate tax	€th	2,209	802	400
Equity associates	€th			
Minority interests	€th	252	569	650
Adjusted attributable net profit	€th	-6,393	-1,845	-553
NOPAT	€th	-2,932	-2,503	-730

Cashflow Statement

		12/20A	12/21E	12/22E
EBITDA	€th	-2,065	-524	1,016
Change in WCR	€th	1,685	245	-62.0
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	2,209	802	400
Exceptional items	€th			
Other operating cash flows	€th	-991	-286	-225
Total operating cash flows	€th	838	238	1,128
Capital expenditure	€th	-1,810	-1,995	-1,955
Total investment flows	€th	-8,992	5,505	-1,955
Net interest expense	€th	-673	-341	-266
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	8,590	14,978	0.00
Total financial flows	€th	13,967	11,337	1,734
Change in cash position	€th	5,812	17,081	907
Free cash flow (pre div.)	€th	-1,645	-2,098	-1,093

Per Share Data

		12/20A	12/21E	12/22E
No. of shares net of treas. stock (year...	Th	198,523	364,151	364,151
Number of diluted shares (average)	Th	131,321	282,454	365,268
Benchmark EPS	€	-0.05	-0.01	0.00
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.21	35%	● KUKA
NAV/SOTP per share	€ 0.20	20%	
EV/Ebitda	€ 0.14	20%	
P/E	€ 0.04	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.14	5%	
TARGET PRICE	€ 0.15	100%	

NAV/SOTP Calculation

Balance Sheet

		12/20A	12/21E	12/22E
Goodwill	€th	152	150	149
Total intangible	€th	5,477	5,376	5,554
Tangible fixed assets	€th	743	1,130	1,268
Financial fixed assets	€th			
WCR	€th	1,360	1,115	1,177
Other assets	€th	7,656	7,120	6,622
Total assets (net of short term liab.)	€th	19,985	20,849	21,035
Ordinary shareholders' equity	€th	17,640	38,405	36,999
Quasi Equity & Preferred	€th			
Minority interests	€th	-129	-100	-99.0
Provisions for pensions	€th		0.00	0.00
Other provisions for risks and liabilities	€th	244	281	323
Total provisions for risks and liabilities	€th	244	281	323
Tax liabilities	€th	0.00	0.00	0.00
Other liabilities	€th	4,141	4,555	5,011
Net debt (cash)	€th	-1,911	-22,292	-21,199
Total liab. and shareholders' equity	€th	19,985	20,849	21,035

Capital Employed

		12/20A	12/21E	12/22E
Capital employed after depreciation	€th	7,580	7,621	7,999

Profits & Risks Ratios

		12/20A	12/21E	12/22E
ROE (after tax)	%	-47.6	16.6	-1.47
ROCE	%	-38.7	-32.8	-9.13
Gearing (at book value)	%	8.95	-31.5	-58.8
Adj. Net debt/EBITDA(R)	x	0.93	42.6	-20.9
Interest cover (x)	x	-6.22	-10.5	-3.91

Valuation Ratios

		12/20A	12/21E	12/22E
Reference P/E (benchmark)	x	-3.14	-10.8	-46.8
Free cash flow yield	%	-5.41	-8.14	-4.24
P/Book	x	1.72	0.67	0.70
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/20A	12/21E	12/22E
Market cap	€th	30,389	25,782	25,782
+ Provisions	€th	244	281	323
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	-2,172	-22,566	-21,486
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th	3,898	6,712	12,305
+ Minority interests (fair value)	€th	387	300	297
= EV	€th	24,949	-2,915	-7,390
EV/EBITDA(R)	x	-12.1	5.57	-7.28
EV/Sales	x	4.28	-0.29	-0.54

Analyst : Romain Pierredon, Changes to Forecasts : 13/12/2021.