



Strategic options to fast track the floater

Latest - 31/08/2020

After the memorandum of understanding signed in April with CIMC Raffles, Dietswell/Dolfines now says it is exploring strategic options in new energies. This is a positive news for the group, as a partnership with an industrial player would surely accelerate the development of the floater. The sooner the better as this will help in offsetting the oil & gas activities, which are not immune to the current austerity cure.

Analysis

In **new energies**, the company says it is "actively exploring various strategic options to accelerate its development". We reckon this comment spurred the 15% price increase following the press release. Note that, in our valuation, we assume a participation with an industrial partner and we will therefore stick to this scenario until a transaction emerges. All in all, this is positive news for the company, which is getting closer to the commercialisation of the floater.

The **oil & gas** activities are suffering, with management expecting a significant decline in revenue, lasting in H2 as well. This echoes comments from larger oil services companies in Q2 earnings calls: the recovery will be slow in oil & gas, even with the end of lockdowns. To that extent, we will revise our forecasts further for 2020 and 2021.

Lastly, the group drew further on the OCABSA and the share count stands at 7.88m shares, which was expected in this environment, but not too far off the 7.4m previously communicated (end of May).



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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: 37.2%
Target Price (6 months)	€ 1.85
Share Price	€ 1.35
Market Cap. €M	8.59
Price Momentum	STRONG
Extremes 12Months	0.16 ▶ 1.61
Bloomberg	ALDIE FP Equity
Reuters	ALDIE.PA



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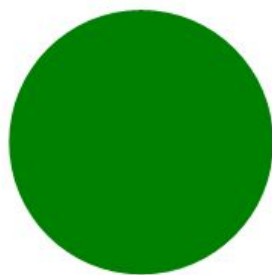


PERF	1w	1m	3m	12m
Dietswell	5.06%	3.85%	70.0%	33.7%
Capital Goods	1.13%	3.13%	15.9%	31.8%
STOXX 600	1.02%	0.37%	3.75%	-1.09%

Last updated: 14/04/2020	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	-18.8	-6.98	-4.22	-26.4
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	ns	-16.8	-13.4	0.92
Adjusted EPS (€)	-0.05	-0.15	-0.32	-0.05
Growth in EPS (%)	n/a	n/a	n/a	n/a
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	7,149	6,000	5,300	7,325
EBIT margin (%)	10.7	-12.8	5.03	24.6
Attributable net profit (€th)	-282	-986	-2,683	-582
ROE (after tax) (%)	-7.64	-28.8	-48.1	-4.35
Gearing (%)	25.8	65.3	-5.83	-45.9

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Sales by Geography



Other (100.0%)

Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	€th	7,149	6,000	5,300
Change in sales	%	5.54	-16.1	-11.7
Change in staff costs	%	4.85	-9.24	-7.40
EBITDA	€th	21.3	-575	-626
EBITDA(R) margin	%	0.30	-9.59	-11.8
Depreciation	€th			
Underlying operating profit	€th	-273	-925	-1,011
Operating profit (EBIT)	€th	-250	-925	-2,182
Net financial expense	€th	-29.3	-60.6	-501
of which related to pensions	€th		-5.70	-7.02
Exceptional items & other	€th	0.00	0.00	0.00
Corporate tax	€th	-2.45	0.00	0.00
Equity associates	€th			
Minority interests	€th			
Adjusted attributable net profit	€th	-282	-986	-2,683
NOPAT	€th	-175	-644	-1,522

Cashflow Statement

		12/18A	12/19E	12/20E
EBITDA	€th	21.3	-575	-626
Change in WCR	€th	-144	0.00	200
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	-2.45	0.00	0.00
Exceptional items	€th			
Other operating cash flows	€th	207		
Total operating cash flows	€th	82.0	-575	-426
Capital expenditure	€th	-1,313	-500	-500
Total investment flows	€th	-1,449	-500	-2,500
Net interest expense	€th	-29.3	-60.6	-501
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	1,061	0.00	9,137
Total financial flows	€th	1,743	424	7,788
Change in cash position	€th	377	-651	4,862
Free cash flow (pre div.)	€th	-1,260	-1,136	-1,427

Per Share Data

		12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...	Th	6,364	6,364	8,379
Number of diluted shares (average)	Th	5,834	6,364	8,379
Benchmark EPS	€	-0.05	-0.15	-0.32
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 2.76	35%	● TechnipFMC
NAV/SOTP per share	€ 2.90	20%	● Saipem
EV/Ebitda	€ 1.03	20%	■ Elecnor
P/E	€ 0.68	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.68	5%	
TARGET PRICE	€ 1.85	100%	

NAV/SOTP Calculation

Balance Sheet

		12/18A	12/19E	12/20E
Goodwill	€th			
Total intangible	€th	2,942	3,092	3,207
Tangible fixed assets	€th	1,136	1,136	1,136
Financial fixed assets	€th			
WCR	€th	2,192	2,192	1,992
Other assets	€th	188	182	182
Total assets (net of short term liab.)	€th	6,655	6,800	6,716
Ordinary shareholders' equity	€th	4,076	2,763	8,390
Quasi Equity & Preferred	€th			
Minority interests	€th		0.00	0.00
Provisions for pensions	€th		328	333
Other provisions for risks and liabilities	€th	83.4	83.4	83.4
Total provisions for risks and liabilities	€th	83.4	411	416
Tax liabilities	€th	1,225	1,225	1,225
Other liabilities	€th	31.2	31.2	31.2
Net debt (cash)	€th	1,239	2,370	-3,347
Total liab. and shareholders' equity	€th	6,655	6,800	6,716

Capital Employed

		12/18A	12/19E	12/20E
Capital employed after depreciation	€th	6,269	6,420	6,335

Profits & Risks Ratios

		12/18A	12/19E	12/20E
ROE (after tax)	%	-7.64	-28.8	-48.1
ROCE	%	-2.79	-10.0	-24.0
Gearing (at book value)	%	25.8	65.3	-5.83
Adj. Net debt/EBITDA(R)	x	58.3	-4.12	5.34
Interest cover (x)	x	-9.34	-16.9	-2.05

Valuation Ratios

		12/18A	12/19E	12/20E
Reference P/E (benchmark)	x	-18.8	-6.98	-4.22
Free cash flow yield	%	-21.8	-16.5	-12.6
P/Book	x	1.42	2.49	1.35
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/18A	12/19E	12/20E
Market cap	€th	5,784	6,881	11,312
+ Provisions	€th	83.4	411	416
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	1,239	2,370	-3,347
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th			
+ Minority interests (fair value)	€th			
= EV	€th	7,107	9,662	8,381
EV/EBITDA(R)	x	ns	-16.8	-13.4
EV/Sales	x	0.99	1.61	1.58

Analyst : Kevin Vo, Changes to Forecasts : 14/04/2020.