



# Drone Volt

Aerosp. &amp; Defence Equipt. / France

## Major Contracts to double sales

Expansion in the Americas to increase profit - 31/05/2021

### Change in Target Price

€ 0.34 vs 0.33	+0.97%
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The target price has been slightly improved, driven by the higher top-line growth in 2022 linked to the new contract of Aquiline Drones, which will mostly be executed next year. This positive impact was partly offset by a downward revision in margins, which we had overestimated for the current year.

### Change in DCF

€ 0.48 vs 0.44	+10.2%
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The DCF has been impacted by the announcement of another major contract with Aquiline Drones. The contract concerns the sale of 500 Hercules 20 drones and 200 Hercules 10 drones, which is estimated to represent 15 \$M of additional sales at the catalogue price. Contrarily to the previous Aquiline Drone's contract concerning the 600 Hercules 2 which is fixed before 2021, this new contract will be spread from 2021 to 2022 progressively and will only be fully executed if Aquiline Drones manages to find enough customers in the US. Their "flight to the future" program should help them reach their ambitious targets.

We have decided to count 60% of this contract in our estimates which could leave room for positive surprises, with 1/3 accounted for in 2021 and 2/3 in 2022. This growth in sales improves margins for FY22, as bigger orders allow for larger supplier discounts. Our DCF has increased by 10% to 0.48€, boosting the target price to 0.34€.



Romain PIERREDON

aerospacedefence@alphavalue.eu

+33 (0) 1 70 61 10 50

www.alphavalue.com

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 : 50.9%

Target Price (6 months)	€ 0.34
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Share Price	€ 0.22
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Market Cap. €M	47.8
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Price Momentum	<b>UNFAVORABLE</b>
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Extremes 12Months	0.07 ▶ 0.39
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Bloomberg	ALDRV FP Equity
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Reuters	ALDRV.PA
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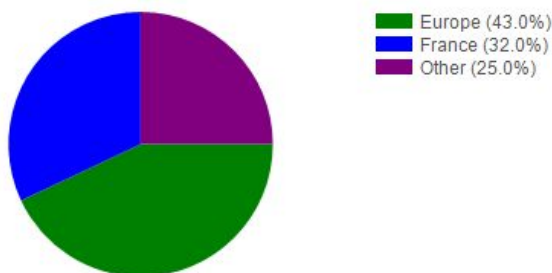

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PERF	1w	1m	3m	12m
Drone Volt	-0.63%	-17.6%	-19.1%	206%
Aerospace-Defence	5.58%	5.56%	10.3%	43.3%
SXXR Index	1.10%	2.57%	12.1%	29.2%

Last updated: 31/05/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	-3.05	ns	29.3	10.1
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-11.6	18.4	4.84	2.43
Adjusted EPS (€)	-0.05	0.00	0.01	0.02
Growth in EPS (%)	n/a	n/a	n/a	189
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€th)	5,836	13,073	16,585	21,974
Other margin (%)	29.3	43.3	50.4	62.0
Attributable net profit (€th)	-6,591	-8.22	1,666	5,160
ROE (after tax) (%)	-48.2	-0.03	5.37	13.9
Gearing (%)	2.20	-33.7	-52.0	-56.4

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## Sales by Geography



## Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	€th	5,836	13,073	16,585
Change in sales	%	-17.9	124	26.9
Change in staff costs	%	-5.12	5.40	17.0
EBITDA	€th	-2,065	1,384	3,548
<b>EBITDA(R) margin</b>	%	<b>-35.4</b>	<b>10.6</b>	<b>21.4</b>
Depreciation	€th			
Underlying operating profit	€th	-4,189	330	2,513
<b>Operating profit (EBIT)</b>	<b>€th</b>	<b>-8,181</b>	<b>30.0</b>	<b>2,208</b>
Net financial expense	€th	-673	-367	-378
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th			
Corporate tax	€th	2,011	76.5	-416
Equity associates	€th			
Minority interests	€th	252	252	252
<b>Adjusted attributable net profit</b>	<b>€th</b>	<b>-6,591</b>	<b>-8.22</b>	<b>1,666</b>
NOPAT	€th	-2,932	231	1,759

## Cashflow Statement

		12/20A	12/21E	12/22E
EBITDA	€th	-2,065	1,384	3,548
Change in WCR	€th	913	7.80	-142
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	2,011	76.5	-416
Exceptional items	€th			
Other operating cash flows	€th	-347	-286	-225
Total operating cash flows	€th	512	1,183	2,765
Capital expenditure	€th	-2,036	-1,995	-1,955
Total investment flows	€th	-2,036	5,505	-1,955
Net interest expense	€th	-673	-367	-378
Dividends (parent company)	€th			
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	13,613	4,586	3,668
Total financial flows	€th	15,770	4,219	3,290
Change in cash position	€th	14,246	10,907	4,100
<b>Free cash flow (pre div.)</b>	<b>€th</b>	<b>-2,197</b>	<b>-1,179</b>	<b>432</b>

## Per Share Data

		12/20A	12/21E	12/22E
No. of shares net of treas. stock (year...	Th	198,523	210,000	226,100
Number of diluted shares (average)	Th	131,321	205,379	219,167
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.05</b>	<b>0.00</b>	<b>0.01</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 0.48	35%	● KUKA
NAV/SOTP per share	€ 0.35	20%	
EV/Ebitda	€ 0.32	20%	
P/E	€ 0.11	10%	
Dividend Yield	€ 0.00	10%	
P/Book	€ 0.44	5%	
TARGET PRICE	€ 0.34	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/20A	12/21E	12/22E
Goodwill	€th	149	148	147
Total intangible	€th	7,321	7,639	8,033
Tangible fixed assets	€th	1,004	1,145	1,283
Financial fixed assets	€th			
WCR	€th	2,150	2,142	2,284
Other assets	€th	5,303	4,932	4,587
Total assets (net of short term liab.)	€th	16,332	16,440	16,797
<b>Ordinary shareholders' equity</b>	<b>€th</b>	<b>18,103</b>	<b>28,895</b>	<b>33,112</b>
Quasi Equity & Preferred	€th			
Minority interests	€th	-296	-355	-426
Provisions for pensions	€th		0.00	0.00
Other provisions for risks and liabilities	€th	50.0	57.5	66.1
Total provisions for risks and liabilities	€th	50.0	57.5	66.1
Tax liabilities	€th	0.00	0.00	0.00
Other liabilities	€th	2,747	3,022	3,324
<b>Net debt (cash)</b>	<b>€th</b>	<b>-4,272</b>	<b>-15,179</b>	<b>-19,279</b>
Total liab. and shareholders' equity	€th	16,332	16,440	16,797

## Capital Employed

		12/20A	12/21E	12/22E
Capital employed after depreciation	€th	10,475	10,927	11,600

## Profits & Risks Ratios

		12/20A	12/21E	12/22E
<b>ROE (after tax)</b>	%	<b>-48.2</b>	<b>-0.03</b>	<b>5.37</b>
ROCE	%	-28.0	2.11	15.2
<b>Gearing (at book value)</b>	%	<b>2.20</b>	<b>-33.7</b>	<b>-52.0</b>
Adj. Net debt/EBITDA(R)	x	2.07	-11.0	-5.43
Interest cover (x)	x	-6.22	0.90	6.64

## Valuation Ratios

		12/20A	12/21E	12/22E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-3.05</b>	<b>ns</b>	<b>29.3</b>
Free cash flow yield	%	-7.23	-2.52	0.86
P/Book	x	1.68	1.62	1.52
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/20A	12/21E	12/22E
Market cap	€th	30,389	46,704	50,285
+ Provisions	€th	50.0	57.5	66.1
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	-4,656	-15,582	-19,703
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th	2,712	6,712	14,766
+ Minority interests (fair value)	€th	887	1,065	1,278
= EV	€th	23,958	25,532	17,160
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-11.6</b>	<b>18.4</b>	<b>4.84</b>
EV/Sales	x	4.11	1.95	1.03

Analyst : Romain Pierredon, Changes to Forecasts : 31/05/2021.