

Deinove

Funding the road to commercial deployment

Deinove's proposed capital raising (€9.3m) should allow the company to continue to develop its technology to the point when commercial revenues are expected to begin (2017/18). The intended distribution of the proceeds among Deinove's businesses highlights the increased importance of the Deinochem offering within Deinove's portfolio. It also highlights the greater number of potential revenue-generating projects beyond biofuels to which Deinove can now point.

Year end	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/13	0.1	(5.0)	(61.5)	0.0	N/A	N/A
12/14	0.2	(6.6)	(98.5)	0.0	N/A	N/A
12/15e	0.2	(8.4)	(111.4)	0.0	N/A	N/A
12/16e	0.2	(8.6)	(88.6)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, share-based payments and exceptional items. Financial forecasts are shown pre-rights.

Deinove has announced a capital increase (open to French individuals and qualified investors in the European Economic Area) to raise €9.3m. The terms of the issue are one new share for every three existing shares, priced at €4.5/share, resulting in the issue of 2.061m shares. If all existing options on Deinove's shares are exercised, the total amount raised could rise to €10.7m; if the extension clause is fully exercised, but with no options exercised, the total will also be €10.7m. These two assumptions combined would lead to total proceeds of €12.3m, representing an additional 2.73m shares. Subscription commitments so far total €5.5m. Deinove has stated that it intends to use the proceeds to finance accelerating the development and commercialisation of its technology in biofuels and biochemistry.

At current rates of cash consumption (c €600k/month) the potential proceeds (€9.3m) represent c 15 months of development activity. Prior to the capital increase Deinove was suggesting it had sufficient financial resources to last beyond Q316, so the additional capital should be sufficient to finance the business into FY18, beyond the point at which Deinove believes commercial revenues could begin to flow. Of the proceeds, 40% will go to Deinol (biofuels) and 60% to Deinochem (40% isoprenoids/carotenoids – 20% muconic acid). The distribution of the proceeds underlines the shift away from biofuels, which historically comprised 80% of Deinove's business and illustrates the wider array of projects from which Deinove now expects to generate commercial revenue. We will review our forecasts pending the completion of the capital raising (closing date 14 December).

Capital increase

Alternative energy

2 December 2015

Price €5.2
Market cap €32m

Net cash* (€m) at end August 2015 2.2
**Company definition*

Shares in issue 6.1m

Free float 51%

Code ALDEI

Primary exchange Alternext

Secondary exchange N/A

Share price performance



Business description

Deinove designs, develops and markets technologies in biofuels and biochemicals by harnessing the properties of the Deinococcus bacterium.

Analysts

Graeme Moyse +44 (0)20 3077 5700

Roger Johnston +44 (0)20 3077 5722

industrials@edisongroup.com

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