

Deinove

FY15 results

Finance secure until end 2017

Deinove made significant scientific and technical advances in 2015, signed important commercial agreements and improved the financial positioning of the company. The first commercial revenues are expected in 2018 and the company believes it has sufficient financial resources, without further equity drawdowns (€10m unused facility), to last it until the end of 2017.

Year end	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/14	0.2	(6.6)	(98.6)	0.0	N/A	N/A
12/15	0.5	(7.3)	(81.5)	0.0	N/A	N/A
12/16e	0.4	(8.3)	(82.4)	0.0	N/A	N/A
12/17e	0.5	(8.5)	(84.7)	0.0	N/A	N/A

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

FY15 results in line with expectations

The net loss for the year of €6.4m (-2% vs FY14) was in line with our forecasts (Edison estimate -€6.4m). Better than expected revenue of €492k (Edison estimate €220k) and marginally lower costs than forecast were offset by a slightly less favourable financial result than anticipated and a lower income tax credit than we had expected (€1.6m vs Edison €1.78m). The net cash position of €12.4m at end December 2015, bolstered by grants, milestone payments, tax credits, the recent equity issue (€10.0m net) and the drawdown of the Kepler Cheuvreux facility (€4.6m) was also ahead of our forecasts (€12.1m). The €12.4m is said to be sufficient to last until the end of 2017 without further equity drawdowns.

Scientific and commercial progress

FY15 also witnessed a number of significant business developments. Both the Deinol project (third payment – €1.2m from Bpifrance) and the Deinochem project passed important research milestones triggering payments (first payment – €1m from ADEME). Towards the end of 2015 the Deinol project also achieved the production of ethanol at 300L scale and Deinove reached the first milestone of the animal nutrition project with Avril. Investment made by Deinove allowed it to automate the genetic and metabolic engineering platform, install new fermenters and establish a new R&D platform for the production of muconic acid. Alongside scientific progress, Deinove signed new partnerships agreements with Flint Hills (animal nutrition) and Tyton and Arbiom (biomass) and issued 12 new patents.

Outlook and valuation

Deinove will seek to advance towards commercial deployment across all its major research platforms in 2016, but with a major focus on carotenoids. It will also continue to attempt to broaden the ultimate commercial application of its technology through signing additional partnership agreements. We have updated our forecasts and expect the first commercial revenues in 2018. A DCF valuation based on our cash flow assumptions suggests that, using an 11% discount rate and no terminal value, Deinove could be worth €10/share.

Alternative energy

30 March 2016

Price €3.69

Market cap €32m

Net cash* (€m) at 31 December 2015 12.4
*Company definition

Shares in issue 8.6m

Free float 65%

Code ALDEI

Primary exchange Alternext

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 12.2 (9.8) (49.3)

Rel (local) 11.4 (3.3) (42.0)

52-week high/low €8.95 €2.90

Business description

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

Next event

AGM 10 May 2016

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Exhibit 1: Financial summary

	€'000s	2014	2015	2016e	2017e
Year end 31 December		IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS					
Revenue		156	492	400	469
Cost of sales		0	0	0	0
Gross profit		156	492	400	469
EBITDA		(6,515)	(7,309)	(7,456)	(7,468)
Operating profit (before amort. and except.)		(6,520)	(7,331)	(8,275)	(8,424)
Intangible Amortisation		540	634	37	37
Exceptionals		(735)	(10)	0	0
Other		0	0	0	0
Operating profit		(6,715)	(6,707)	(8,238)	(8,387)
Net Interest		(37)	(14)	(31)	(102)
Profit before tax (norm)		(6,557)	(7,345)	(8,306)	(8,526)
Profit before tax (FRS 3)		(7,832)	(7,989)	(8,343)	(8,563)
Tax		1,374	1,633	1,254	1,279
Profit after tax (norm.)		(5,183)	(5,712)	(7,052)	(7,247)
Profit after tax (FRS 3)		(6,458)	(6,356)	(7,089)	(7,284)
Average number of shares outstanding (m)		5.3	7.0	8.6	8.6
EPS - normalised (c)		(98.6)	(81.5)	(82.4)	(84.7)
EPS - (IFRS) (c)		(102.3)	(72.6)	(82.0)	(84.3)
Dividend per share (c)		0.0	0.0	0.0	0.0
Gross margin (%)		100.0	N/A	N/A	N/A
EBITDA margin (%)		N/A	N/A	N/A	N/A
Operating margin (before GW and except.) (%)		N/A	N/A	N/A	N/A
BALANCE SHEET					
Fixed assets		2,303	1,968	1,612	1,220
Intangible assets		99	117	80	43
Tangible assets		1,407	1,055	736	380
Investments		797	796	796	797
Current assets		4,650	15,359	9,751	4,003
Stocks		0	0	0	0
Debtors		2,110	2,393	1,971	2,082
Cash		966	11,932	6,746	887
Other		1,574	1,034	1,034	1,034
Current liabilities		(2,203)	(2,719)	(1,591)	(1,606)
Creditors		(1,441)	(2,602)	(1,474)	(1,489)
Short-term borrowings		(762)	(117)	(117)	(117)
Long-term liabilities		(4,555)	(6,512)	(8,765)	(9,894)
Long-term borrowings		(4,550)	(6,497)	(8,750)	(9,879)
Other long-term liabilities		(5)	(15)	(15)	(15)
Net Assets		195	8,096	1,007	(6,277)
CASH FLOW					
Operating cash flow		(8,453)	(6,679)	(7,947)	(7,579)
Net Interest		(37)	(14)	(31)	(102)
Tax		1,374	1,633	1,039	1,293
Capex		(1,338)	(289)	(500)	(601)
Acquisitions/disposals		1,307	756	0	0
Financing		4,051	14,257	0	0
Dividends		0	0	0	0
Net cash flow		(3,096)	9,664	(7,439)	(6,988)
Opening net debt/(cash)		1,250	4,346	(5,318)	2,121
HP finance leases initiated		0	0	0	0
Other		0	0	0	0
Closing net debt/(cash)		4,346	(5,318)	2,121	9,109
Source: Company accounts, Edison Investment Research					

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