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H1 results: Focus on core business pays off

Daldrup published very good results for H1 2020. Driven by a higher utilization in the drilling business, H1 revenues increased by c.23% yoy to EUR 11.9m (PAsE: EUR 11.4m). Total operating output was up by c.5% yoy to EUR 23.2m, indicating a smooth running of projects. Due to a positive topline development and the lack of extraordinary items, EBIT turned positive to EUR 0.6m (PAsE: EUR 0.1m). The better than expected development in H1 results from high capacity utilization in its drilling business. Order backlog as of end of September amounted to EUR 27m and thus ensures capacity utilization well into 2021, according to the management. Demand for Daldrup's core business, drilling services, remains to be strong and unaffected by the COVID-19 pandemic. Only recently, Daldrup received a follow-up order from its customer Nagra, CH, which is expected to be P&L-effective in FY 2021e. With a target price of EUR 4.00, we rate the shares a Buy.

Daldrup & Soehne AG - Review H1 2020

EUR m	Actual			PAsE		PAsE		
	H1 2020	H1 2019	% yoy	PAsE	Delta	2020e	2021e	2022e
Revenues	11.9	9.7	22.6%	11.4	4.0%	28.0	32.5	34.9
Total operating output	23.2	22.0	5.3%	22.3	3.8%	44.0	48.5	50.9
EBITDA	1.7	0.8	113.0%	1.1	50.3%	3.1	3.3	3.4
EBITDA margin	14.4%	8.3%	613 BP	10.0%	445 BP	11.2%	10.1%	9.7%
EBIT	0.6	-1.0	nm	0.1	507.9%	1.0	1.3	1.5
EBIT margin	4.8%	-9.9%	1462 BP	0.8%	395 BP	3.7%	3.9%	4.3%
EBT	0.3	-2.2	nm	-0.1	-665.1%	0.9	1.2	1.4
EBT margin	2.7%	-22.4%	2505 BP	-0.5%	319 BP	3.3%	3.6%	4.0%
Net income	0.0	-2.1	nm	-0.1	-143.3%	0.9	1.1	1.2

Source: Daldrup & Soehne, Pareto Securities Research

FY 2020e guidance confirmed

- Daldrup targets for FY 2020e a total operating output of around EUR 40m (PAsE: EUR 44m) and a positive EBIT margin between 2-4% (PAsE: 2.3% of total operating output, and 3.7% of sales).

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