



IDI

Holding Companies / France

Talis embarks on its market consolidation journey

Significant news - 21/10/2021

Just a few months after being acquired by IDI, Groupe Talis has made its first acquisition to expand its reach in the apprenticeship and professional training space in the Nouvelle-Aquitaine region. This follows through with IDI's plan to make Talis a key player for consolidating the private post-secondary education market in France.

Fact

- Groupe Talis has acquired Groupe AFC, which proposes secondary-education degrees and professionalisation courses in the Nouvelle-Aquitaine region through two schools.
- Groupe AFC provides training to close to 1,000 persons per year, boasting of high employability rates for its graduates of around 85%.
- IDI has not disclosed the financial terms of the transaction.

Analysis

IDI's announcement of Talis's first acquisition is a confirmation that the group is embarking on its path to consolidate the post-secondary private education market in France, starting by expanding in its current Nouvelle-Aquitaine enclave.

The integration of Groupe AFC will add two new schools to Talis's network, with the ten campuses serving the Nouvelle-Aquitaine and Paris regions. We see this as an encouraging development for this asset, which we consider as an important driver for future NAV progression, given that it is exposed to high potential long-term trends (higher education).

Moreover, Talis benefits from a business model — focused on work-study-based training — that is shown to improve employability of graduates, supporting organic growth ambitions, to be joined by a new external-growth dimension following this acquisition.

**Jorge VELANDIA**

otherfinancials@alphavalue.eu

+33 (0) 1 70 61 10 50

cs.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: 59.8%
Target Price (6 months)	€ 80.2
Share Price	€ 50.2
Market Cap. €M	364
Price Momentum	STRONG
Extremes 12Months	33.6 ▶ 50.6
Sustainability score	3.0 /10
Credit Risk	C →
Bloomberg	IDIP FP Equity
Reuters	IDVP.PA

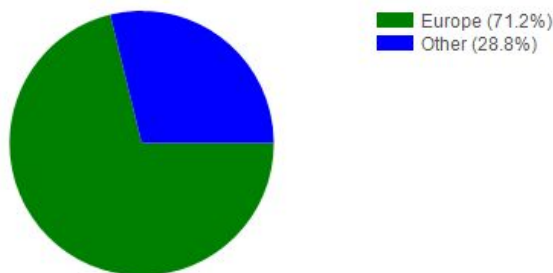
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PERF	1w	1m	3m	12m
IDI	3.08%	25.5%	25.5%	36.9%
Other financials	2.23%	2.59%	5.27%	29.0%
STOXX 600	2.10%	3.51%	5.25%	28.6%

Last updated: 15/10/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	13.2	22.4	20.6	19.6
Dividend yield (%)	5.03	4.18	4.18	4.18
EV/EBITDA(R) (x)	14.1	11.3	10.8	10.5
Adjusted EPS (€)	3.00	2.24	2.44	2.57
Growth in EPS (%)	12.7	-25.5	8.82	5.40
Dividend (€)	2.00	2.10	2.10	2.10
Sales (€th)	3,880	4,851	4,900	5,145
Dividend contributions marg...	90.9	88.6	88.6	88.6
Attributable net profit (€th)	21,722	16,208	17,637	18,590
ROE (after tax) (%)	4.26	3.02	3.21	3.40
Gearing (%)	-3.83	-2.52	-2.23	1.23

[Company Valuation](#) - [Company Financials](#)

Sales by Geography



Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	€th	3,880	4,851	4,900
Change in sales	%	45.3	25.0	1.00
Change in staff costs	%	-62.6	5.00	2.00
EBITDA	€th	-17,714	-18,600	-18,786
EBITDA(R) margin	%	-457	-383	-383
Depreciation	€th	-441	-463	-468
Underlying operating profit	€th	-17,640	-19,063	-19,253
Operating profit (EBIT)	€th	21,932	24,466	26,452
Net financial expense	€th	-1,881	-1,956	-1,956
of which related to pensions	€th		0.00	0.00
Exceptional items & other	€th			
Corporate tax	€th	1,671	-6,303	-6,859
Equity associates	€th			
Minority interests	€th			
Adjusted attributable net profit	€th	21,722	16,208	17,637
NOPAT	€th	15,352	17,127	18,517

Cashflow Statement

		12/20A	12/21E	12/22E
EBITDA	€th	-17,714	-18,600	-18,786
Change in WCR	€th	-2,867	18,295	1,445
Actual div. received from equity holdi...	€th	0.00	0.00	0.00
Paid taxes	€th	-1,671	-6,303	-6,859
Exceptional items	€th	0.00		
Other operating cash flows	€th	-1,499		
Total operating cash flows	€th	-23,751	-6,608	-24,200
Capital expenditure	€th	-24.0	-24.0	-24.0
Total investment flows	€th	14,456	33,485	28,520
Net interest expense	€th	-1,881	-1,956	-1,956
Dividends (parent company)	€th	-12,453	-14,485	-15,210
Dividends to minorities interests	€th	0.00	0.00	0.00
New shareholders' equity	€th	0.00		
Total financial flows	€th	493	-17,044	-17,774
Change in cash position	€th	-8,802	9,833	-13,454
Free cash flow (pre div.)	€th	-25,656	-8,588	-26,180

Per Share Data

		12/20A	12/21E	12/22E
No. of shares net of treas. stock (year...	Th	7,243	7,243	7,243
Number of diluted shares (average)	Th	7,232	7,243	7,243
Benchmark EPS	€	3.00	2.24	2.44
Restated NAV per share	€			
Net dividend per share	€	2.00	2.10	2.10

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 88.4	55%	● GBL
Dividend Yield	€ 100	20%	● Corporacion Financ...
DCF	€ 34.7	10%	● Kinnevik Investment
P/E	€ 42.8	10%	● Ackermans & van H...
P/Book	€ 74.7	5%	● Bolloré
TARGET PRICE	€ 80.2	100%	● Wendel

NAV/SOTP Calculation

Balance Sheet

		12/20A	12/21E	12/22E
Goodwill	€th			
Total intangible	€th	0.00	0.00	0.00
Tangible fixed assets	€th	662	695	702
Financial fixed assets	€th	531,341	557,908	563,487
WCR	€th	-11,133	-29,428	-30,873
Other assets	€th	4,622	22,350	22,350
Total assets (net of short term liab.)	€th	527,415	553,429	557,570
Ordinary shareholders' equity	€th	518,395	554,445	545,092
Quasi Equity & Preferred	€th			
Minority interests	€th	8.00	8.00	8.00
Provisions for pensions	€th	399	0.00	0.00
Other provisions for risks and liabilities	€th	3,834	4,026	4,066
Total provisions for risks and liabilities	€th	4,233	4,026	4,066
Tax liabilities	€th	2,506	2,506	2,506
Other liabilities	€th	11,318	11,318	11,318
Net debt (cash)	€th	-9,040	-18,873	-5,419
Total liab. and shareholders' equity	€th	527,420	553,429	557,570

Capital Employed

		12/20A	12/21E	12/22E
Capital employed after depreciation	€th	520,870	529,175	533,317

Profits & Risks Ratios

		12/20A	12/21E	12/22E
ROE (after tax)	%	4.26	3.02	3.21
ROCE	%	2.95	3.24	3.47
Gearing (at book value)	%	-3.83	-2.52	-2.23
Adj. Net debt/EBITDA(R)	x	0.51	1.01	0.29
Interest cover (x)	x	-9.38	-9.75	-9.84

Valuation Ratios

		12/20A	12/21E	12/22E
Reference P/E (benchmark)	x	13.2	22.4	20.6
Free cash flow yield	%	-8.91	-2.36	-7.20
P/Book	x	0.56	0.66	0.67
Dividend yield	%	5.03	4.18	4.18

EV Calculation

		12/20A	12/21E	12/22E
Market cap	€th	288,050	363,582	363,582
+ Provisions	€th	4,233	4,026	4,066
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00
+ Net debt at year end	€th	-10,963	-20,777	-7,323
+ Leases debt equivalent	€th	0.00	0.00	0.00
- Financial fixed assets (fair value)	€th	531,341	557,908	563,487
+ Minority interests (fair value)	€th	8.00	8.00	8.00
= EV	€th	-250,013	211,069	203,154
EV/EBITDA(R)	x	14.1	11.3	10.8
EV/Sales	x	-64.4	-43.5	-41.5

Analyst : Jorge Velandia, Changes to Forecasts : 15/10/2021.