



IDI

Holding Companies / France

ESG: IDI unveils it all

Significant news - 28/06/2022

While greenwashing has become a priority for regulators with the adoption of the revised version of MIF2 in Europe and the SEC's ESG investigations in US, we believe it is increasingly essential for investment funds and asset managers to have defined ESG practices. With a clear ESG policy, the ability to engage with portfolio companies, and the implementation of quantifiable metrics, IDI is well positioned in this environment of increasing ESG-related regulations, where ESG has become a priority for many investors.

Fact

In just the last few months, the SEC has opened new investigations into the ESG commitments of big names such as DWS, Goldman Sachs AM and BNY Mellon IM. These investigations attest to the growing importance of ESG and the need for clear metrics to track ESG progress. In this context where even the AMF has made greenwashing its priority, IDI's ESG policy and its willingness to establish clear metrics to measure its ESG progress in alignment with the PRI is more than appreciated.

Analysis

To address ESG issues, IDI has created an ESG Committee at the Supervisory Board level and created an internal ESG working group. IDI has also implemented an internal roadmap with defined objectives to begin measuring its ESG performance and to be able to report its results. As a holding company with no economic or manufacturing activities of its own, IDI's role consists of seeking long-term value creation and further ESG practices of its portfolio companies through active ownership.

IDI's sustainability approach concerns all phases of the investment process: pre-investment, holding period, and exit. Thus, already in the pre-investment period, IDI takes ESG elements into account in its choices. Once in IDI's portfolio, IDI assists its investees to adopt more responsible practices. To do this, IDI identifies ESG issues and defines with the companies the areas of improvement that will be used to measure progress. In the exit phase, IDI will include an ESG section in the documentation and the valuation as well as IDI's contribution to the ESG performance of the holding.

As part of its ESG approach, IDI has become a signatory of the United Nations Principles for Responsible Investment (PRI). Within this framework, IDI seeks to improve its ESG practices further and strengthen its collaboration and communication with its holdings to implement more specific ESG roadmaps. Today, IDI has a methodical approach to ESG issues, with defined objectives and a horizon target. IDI has also put in place tools to monitor the ESG progress of its holdings, and is able to be truly involved through its active participation, something highly valuable in the current environment.



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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: 59.6%
Target Price (6 months)	€ 79.2
Share Price	€ 49.6
Market Cap. €M	359
Price Momentum	UNFAVORABLE
Extremes 12Months	37.4 ▶ 56.4
Sustainability score	2.9 /10
Credit Risk	C →
Bloomberg	IDIP FP Equity
Reuters	IDVP.PA



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PERF	1w	1m	3m	12m
IDI	-2.36%	-8.15%	-4.26%	28.3%
Other Financials	4.15%	-5.92%	-10.3%	-18.6%
STOXX 600	1.95%	-6.50%	-8.48%	-9.30%

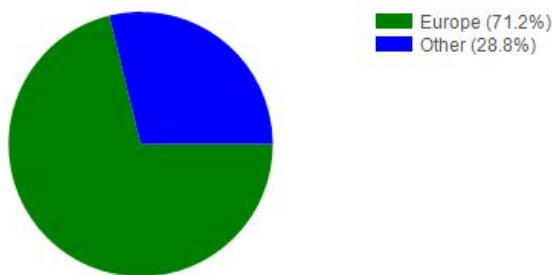
Last updated: 15/10/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	13.2	20.0	20.4	19.3
Dividend yield (%)	5.03	4.68	4.23	4.23
EV/EBITDA(R) (x)	14.1	13.4	11.0	10.7
Adjusted EPS (€)	3.00	2.24	2.44	2.57
Growth in EPS (%)	12.7	-25.5	8.82	5.40
Dividend (€)	2.00	2.10	2.10	2.10
Sales (€th)	3,880	4,851	4,900	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](#)

■ Impact

ESG and Holding Companies do not get along easily. The first is a hands-on business; the second is rather hands-off. IDI strikes an unusual ESG tone by offering a well thought out framework that it intends to use for ongoing controls.

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	€ 98.7	20%	● Corporacion Financ...
DCF	€ 37.7	10%	● Kinnevik Investment
P/E	€ 42.6	10%	● Ackermans & van H...
P/Book	€ 55.2	5%	● Bolloré
TARGET PRICE	€ 79.2	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	20.0	20.4
Free cash flow yield	% -8.91	-2.64	-7.29
P/Book	x 0.56	0.59	0.66
Dividend yield	% 5.03	4.68	4.23

EV Calculation

	12/20A	12/21E	12/22E
Market cap	€th 288,050	324,730	359,237
+ 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	249,921	207,499
EV/EBITDA(R)	x 14.1	13.4	11.0
EV/Sales	x -64.4	-51.5	-42.3

Analyst : Saima HUSSAIN, Changes to Forecasts : 15/10/2021.