



IDI

Holding Companies / France

FY23: IDI rewards its shareholders

Earnings/sales releases - 15/03/2024

After 2 successive years of solid results, IDI delivered another set of impressive earnings in FY-23, marked by an 11% increase in NAV. The positive developments were driven by the robust operating performance of the Private Equity Europe portfolio and brilliant divestments in spite of the unfavourable environment. IDI is spoiling its shareholders with a dividend of €5 per share (incl. €2.25 extraordinary) and confirms that it is uniquely aligned with their interests by paying off handsomely thanks to successful investments not marred by time constraints.

Fact

Key FY-23 figures

- IDI ended the year with an NAV of €732.4m in 2023, corresponding to a NAV per share of €96.86, representing growth of 11.4% yoy, corresponding to a c.30% discount to NAV.
- IDI recorded a net profit of €70.8m, down 12% yoy, but above our expectations.
- 2023 was a dynamic year for IDI, which completed 21 transactions, including 4 new acquisitions, 6 disposals, 1 disposal/reinvestment and 10 build-ups in its portfolio.
- IDI ended the year with a considerable investment capacity (net of debt) of €382.6m or about 50% of its NAV.
- Based on its strong results, IDI will propose, in addition to its ordinary dividend of €2.75 per share (+10% yoy), an extraordinary dividend of €2.25, bringing the total dividend to €5. The ordinary dividend is in-line with IDI's policy of 3% of its NAV and 4.57% of its average share price in 2023.

Analysis

IDI ended 2023 with solid NAV growth of 11.4% yoy to €732.4m or €96.86 per share, bringing the discount to NAV to 30%. This increase was achieved thanks to the good performance of the Private Equity Europe portfolio and to significant disposals carried out under attractive terms in spite of the unfavourable environment.

In 2023, IDI's most notable disposal was the sale of Flex Composite Group to Michelin for an EV of €700m, i.e. 12x its initial investment and an IRR of 38%, completed on 27 September 2023. Another noteworthy transaction was the sale of Ateliers de France last December for 2.1x IDI's initial investment and an IRR of 13%. Total sale proceeds for Private Equity Europe amounted to more than €380m and achieved a cumulative return of 4.3x, a solid execution magnifying shareholder returns, as was the case in 2018 and 2021. The €5 dividend highlights this point.

The excellent 2023 delivery vindicates, if it were needed, the quality and uniqueness of IDI's business model which is to offer access to private equity riches at a very low entry cost (just buy a share) and with superior odds of profits as IDI is not time constrained. Where PE is in most cases a leverage exercise imposed to investees, IDI puts up its equity with no time constraint and an



Saïma HUSSAIN

otherfinancials@alphavalue.eu

+33 (0) 1 70 61 10 50

corporate.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: 42.9%
Target Price (6 months)	€ 100
Share Price	€ 70.0
Market Cap. €M	507
Price Momentum	STRONG
Extremes 12Months	49.0 ▶ 70.0
Sustainability score	2.9 /10
Credit Risk	CCC
Bloomberg	IDIP FP Equity
Reuters	IDVP.PA

[Download Full Analysis](#)[Company Page](#)

PERF	1w	1m	3m	12m
IDI	4.17%	4.79%	8.36%	38.0%
Other Financials	0.52%	1.86%	3.81%	12.2%
STOXX 600	0.64%	4.88%	6.26%	12.6%

Last updated: 26/10/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	4.54	6.54	8.56	7.93
Dividend yield (%)	4.96	4.64	4.29	4.57
EV/EBITDA(R) (x)	47.3	-57.8	-41.0	-54.2
Adjusted EPS (€)	11.1	9.22	8.17	8.83
Growth in EPS (%)	-36.3	-16.9	-11.4	8.06
Dividend (€)	2.50	2.80	3.00	3.20
Sales (€th)	9,798	24,679	30,780	31,284
Dividend contributions marg...	73.8	30.8	25.9	26.8
Attributable net profit (€th)	80,384	66,785	59,188	63,956
ROE (after tax) (%)	12.5	9.06	7.42	8.15
Gearing (%)	-6.19	-16.9	-29.4	-26.8

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

ammunition to keep on investing in the growth plans of investees. This is compounded by the fact that the whole investment team has skin in the game, just like ordinary minority shareholders. The proof is in the return pudding at 16% per annum since 2011.

Solid financial standing to keep on sailing

The liquidity position at the close of 2023 gives IDI the financial flexibility to pursue new investment opportunities in 2024. In fact, IDI ended the year with a record investment capacity (net of debt) of €382.6m (vs. €123.8m in 2022) to which is added a €30m investment loan of which €16m has been drawn down, an undrawn €30m revolving loan and a €5m overdraft facility. IDI concentrates on €25m to €60m investments with less than €25m ones being managed by idiCo which deploys third-party money (€1bn AuM to date). The outcome is that little of what goes on in the mid- to small-cap segments in France escapes IDI's eye. It is thanks to its 33 years of existence uniquely well-positioned to assess timing and valuation and above all IDI is in no need to rush, as would be the case for traditional PE funds with burning pockets.

Making progress on the ESG front

On the ESG front, IDI continues to make impressive progress on its commitments. In particular, the HoldCo produced its first ESG report in 2023, with reporting on all the holdings of its portfolio, as well as a carbon footprint for IDI and most of its holdings based on 2022 data. It is quite remarkable that all investee companies abided to IDI's request.

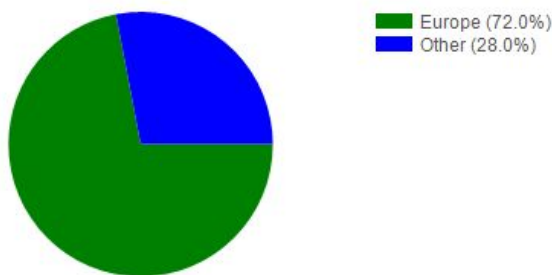
IDI's management also stated clearly that they would no longer invest in a company which was not willing to come clean on ESG data.

In addition, the vast majority of IDI's employees are shareholders in IDI, with 7% of the capital, which reinforces employees' commitment to the company's results and performance.

■ Impact

We will revalue the underlying companies to estimate our net asset value with revised peer group multiples. We will incorporate the FY23 figures into our model and carry forward our estimates to 2026. The strong FY23 results, together with IDI's substantial investment capacity and strong investment activity, underpin our positive view of the stock as an attractive long-term investment.

Sales by Geography



Consolidated P&L Accounts

	12/22A	12/23E	12/24E
Sales	€th 9,798	24,679	30,780
Change in sales	% 92.2	152	24.7
Change in staff costs	% 13.8	71.0	15.7
EBITDA	€th -6,739	4,632	4,330
EBITDA(R) margin	% -68.8	18.8	14.1
Depreciation	€th -232	-2,961	-3,694
Underlying operating profit	€th -6,659	1,999	980
Operating profit (EBIT)	€th 77,960	91,499	81,368
Net financial expense	€th -1,568	-2,452	-2,452
of which related to pensions	€th	0.00	0.00
Exceptional items & other	€th		
Corporate tax	€th 3,992	-22,262	-19,729
Equity associates	€th		
Minority interests	€th	0.00	0.00
Adjusted attributable net profit	€th 80,384	66,785	59,188
NOPAT	€th 58,470	68,624	61,026

Cashflow Statement

	12/22A	12/23E	12/24E
EBITDA	€th -6,739	4,632	4,330
Change in WCR	€th -17,319	3,555	4,002
Actual div. received from equity holdi...	€th 0.00	0.00	0.00
Paid taxes	€th 3,992	-22,262	-19,729
Exceptional items	€th		
Other operating cash flows	€th -1,177		
Total operating cash flows	€th -21,243	-14,074	-11,397
Capital expenditure	€th 0.00	0.00	0.00
Total investment flows	€th 87,567	256,256	18,272
Net interest expense	€th -1,568	-2,452	-2,452
Dividends (parent company)	€th -19,959	-19,566	-20,278
Dividends to minorities interests	€th 0.00	0.00	0.00
New shareholders' equity	€th 0.00	0.00	
Total financial flows	€th -25,147	26,949	-26,501
Change in cash position	€th 41,177	269,132	-19,626
Free cash flow (pre div.)	€th -22,811	-16,526	-13,849

Per Share Data

	12/22A	12/23E	12/24E
No. of shares net of treas. stock (year...)	Th 7,242	7,242	7,242
Number of diluted shares (average)	Th 7,242	7,242	7,242
Benchmark EPS	€ 11.1	9.22	8.17
Restated NAV per share	€		
Net dividend per share	€ 2.50	2.80	3.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 87.7	55%	● Ackermans & van H...
Dividend Yield	€ 140	20%	● Bolloré
DCF	€ 61.5	10%	● Corporacion Financ...
P/E	€ 140	10%	● GBL
P/Book	€ 72.9	5%	● Kinnevik Investment
TARGET PRICE	€ 100	100%	● Wendel

NAV/SOTP Calculation

Balance Sheet

	12/22A	12/23E	12/24E
Goodwill	€th	5,881	5,881
Total intangible	€th 0.00	5,881	5,881
Tangible fixed assets	€th 612	1,822	1,913
Financial fixed assets	€th 645,956	574,631	588,997
WCR	€th -10,137	-13,692	-17,694
Other assets	€th 8,559	6,495	8,495
Total assets (net of short term liab.)	€th 659,491	589,034	601,489
Ordinary shareholders' equity	€th 672,792	801,608	794,254
Quasi Equity & Preferred	€th		
Minority interests	€th 8.00	8.00	8.00
Provisions for pensions	€th 506	0.00	0.00
Other provisions for risks and liabilities	€th 3,409	3,649	3,831
Total provisions for risks and liabilities	€th 3,915	3,649	3,831
Tax liabilities	€th 486	478	478
Other liabilities	€th 9,210	26,782	26,782
Net debt (cash)	€th -26,918	243,491	223,865
Total liab. and shareholders' equity	€th 659,493	589,034	601,489

Capital Employed

	12/22A	12/23E	12/24E
Capital employed after depreciation	€th 636,431	568,642	579,097

Profits & Risks Ratios

	12/22A	12/23E	12/24E
ROE (after tax)	% 12.5	9.06	7.42
ROCE	% 9.19	12.1	10.5
Gearing (at book value)	% -6.19	-16.9	-29.4
Adj. Net debt/EBITDA(R)	x 3.99	-52.6	-51.7
Interest cover (x)	x -4.25	0.82	0.40

Valuation Ratios

	12/22A	12/23E	12/24E
Reference P/E (benchmark)	x 4.54	6.54	8.56
Free cash flow yield	% -6.25	-3.78	-2.73
P/Book	x 0.54	0.54	0.64
Dividend yield	% 4.96	4.64	4.29

EV Calculation

	12/22A	12/23E	12/24E
Market cap	€th 365,005	436,849	506,940
+ Provisions	€th 3,915	3,649	3,831
+ Unrecognised actuarial losses/(gains)	€th 0.00	0.00	0.00
+ Net debt at year end	€th -41,419	257,388	237,762
+ Leases debt equivalent	€th 0.00	0.00	0.00
- Financial fixed assets (fair value)	€th 645,956	450,700	450,700
+ Minority interests (fair value)	€th 0.00	8.00	8.00
= EV	€th -318,455	267,582	177,682
EV/EBITDA(R)	x 47.3	-57.8	-41.0
EV/Sales	x -32.5	-10.8	-5.77

Analyst : Saima Hussain, Changes to Forecasts : 26/10/2023.