



IDI

Holding Companies / France

Steady dividend growth reflects IDI's robust model

Latest - 29/11/2024

IDI declared an interim dividend of €2.5 per share for FY-24, representing 90% of the 2023 ordinary dividend. This announcement further illustrates IDI's attractiveness as a yielding stock, offering shareholders remarkable visibility and resilience, irrespective of the economic environment. IDI is thereby reaffirming the strength of its flexible investment approach and rigorous capital allocation discipline.

Fact

- IDI has announced an interim dividend of €2.5 per share for FY 2024, payable on 3 December 2024.
- This interim dividend represents 90% of the €2.75 ordinary dividend paid for FY 2023, representing 3% of IDI's NAV distributed per annum.
- IDI's investment capacity in Q3 24 was €300m.

Analysis

A reliable yield play through cycles

IDI announced an interim dividend of €2.5 per share for the 2024 financial year, representing 90% of the ordinary dividend paid for FY-2023. This move further illustrates the resilience and attractiveness of its business model, cementing IDI's position as a long-term yield stock. Ever since its IPO, IDI has offered its shareholders an average annual return of 15.87% (dividends reinvested).

The company's return is all the more noteworthy in the context of a quieter 2024 for IDI, as discussed in our note [Q3-24: Navigating 2024 with a thoughtful investment approach](#). After two outstanding years (36 deals), there has been a slowdown in the pace of deals, with only 3 completed to date. Consequently, investment income has declined from €84.7m in 9M-23 to €14.8m in 9M-24, and results for the year are expected to reflect this slowdown.

Despite these headwinds, IDI is staying firmly in control as evidenced by its resilience during the COVID crisis, when it distributed a €1.50 dividend in 2020, yielding 5% compared to the 3.1% average among peers. This track record reinforces confidence in IDI's ability to maintain payouts even in challenging environments.

The bottom line is that IDI prioritises shareholder returns, in all market conditions. The early December payment of the interim dividend is also a timely benefit for shareholders, particularly in light of potential fiscal tightening in France.

An attractive business model

IDI's success is underpinned by its unique and flexible investment approach, which allows the company to optimise exits at the right time. This strategy has consistently delivered strong performance, with an average IRR of 27.6% on disposals over the past decade. Unlike many of its peers (Eurazeo, Wendel, GBL), IDI maintains a net cash position, boasting €300m in investment capacity as of Q3-24, while others carry debt at the holding level.



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Buy Upside: 47.4%

Target Price (6 months) € 101

Share Price € 68.6

Market Cap. €M 493

Price Momentum **UNFAVORABLE**

Extremes 12 Months 58.7 ▶ 74.2

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	0.59%	0.29%	-3.11%	13.3
Other Financials	1.15%	-2.02%	2.73%	17.3
STOXX 600	0.95%	-2.06%	-2.55%	11.0

Last updated: 02/09/2024	12/23A	12/24E	12/25E	12/26E
Adjusted P/E (x)	6.15	7.47	7.27	7.00
Dividend yield (%)	8.29	4.37	4.81	5.54
EV/EBITDA(R) (x)	23.6	15.3	13.1	10.6
Adjusted EPS (€)	9.81	9.18	9.44	9.80
Growth in EPS (%)	-11.6	-6.41	2.78	3.86
Dividend (€)	5.00	3.00	3.30	3.80
Sales (€th)	9,775	11,102	11,473	11,595
Dividend contributions marg...	8.80	8.13	8.26	7.79
Attributable net profit (€th)	70,812	66,025	67,859	70,476
ROE (after tax) (%)	10.1	9.04	9.26	9.51
Gearing (%)	-22.7	-38.9	-32.7	-26.7

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

While 2024 promises to be a benign year, we anticipate a gradual narrowing of valuation gaps in the private equity sphere, paving the way for an active investment phase for IDI. With the necessary resources and expertise, IDI is well-equipped to reinvest its cash into high-potential assets.

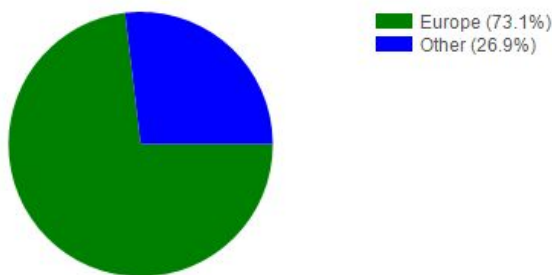
As highlighted in our Q3-24 note, IDI's ability to uncover strategic opportunities is exemplified by its recent acquisition of TTK. Specialising in leak detection for critical environments such as data centres, TTK aligns with the EU's priorities for improving water infrastructure, showcasing IDI's knack for tapping into future-focused sectors.

Despite the reduction in its discount to NAV to 26% (below its peers), we continue to regard IDI as an excellent choice for investors seeking yield and resilience.

■ Impact

We are revising our model to reflect lower net profit expectations for IDI in 2024 due to the slowdown in deal activity. However, the announcement of the interim dividend reinforces our positive outlook on the stock, underpinned by its robust business model and commitment to shareholder returns.

Sales by Geography



Consolidated P&L Accounts

	12/23A	12/24E	12/25E
Sales	€th 9,775	11,102	11,473
Change in sales	% -0.23	13.6	3.34
Change in staff costs	% 154	2.50	2.50
EBITDA	€th -17,164	-19,582	-19,978
EBITDA(R) margin	% -176	-176	-174
Depreciation	€th -973	-1,332	-1,377
Underlying operating profit	€th -14,526	-17,484	-17,753
Operating profit (EBIT)	€th 71,296	70,484	72,414
Net financial expense	€th -890	-890	-890
of which related to pensions	€th	0.00	0.00
Exceptional items & other	€th		
Corporate tax	€th 495	-3,480	-3,576
Equity associates	€th		
Minority interests	€th -89.0	-89.0	-89.0
Adjusted attributable net profit	€th 70,812	66,025	67,859
NOPAT	€th 53,472	52,863	54,310

Cashflow Statement

	12/23A	12/24E	12/25E
EBITDA	€th -17,164	-19,582	-19,978
Change in WCR	€th 5,361	4,197	1,463
Actual div. received from equity holdi...	€th 0.00	0.00	0.00
Paid taxes	€th -876	-3,480	-3,576
Exceptional items	€th		
Other operating cash flows	€th -2,953		
Total operating cash flows	€th -15,632	-18,865	-22,091
Capital expenditure	€th -1,980	-1,980	-1,980
Total investment flows	€th 299,639	23,449	18,970
Net interest expense	€th -890	-890	-890
Dividends (parent company)	€th -19,566	-35,943	-21,566
Dividends to minorities interests	€th 0.00	0.00	0.00
New shareholders' equity	€th 218		
Total financial flows	€th -18,696	-50,330	-36,627
Change in cash position	€th 265,311	-45,746	-39,748
Free cash flow (pre div.)	€th -18,502	-21,735	-24,961

Per Share Data

	12/23A	12/24E	12/25E
No. of shares net of treas. stock (year...	Th 7,189	7,189	7,189
Number of diluted shares (average)	Th 7,215	7,189	7,189
Benchmark EPS	€ 9.81	9.18	9.44
Restated NAV per share	€		
Net dividend per share	€ 5.00	3.00	3.30

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 92.0	55%	● Ackermans & van H...
Dividend Yield	€ 137	20%	● Bolloré
DCF	€ 58.1	10%	● Corporacion Financ...
P/E	€ 137	10%	● GBL
P/Book	€ 70.3	5%	● Kinnevik Investment
TARGET PRICE	€ 101	100%	● Wendel

NAV/SOTP Calculation

Balance Sheet

	12/23A	12/24E	12/25E
Goodwill	€th 5,119	5,119	5,119
Total intangible	€th 5,120	5,119	5,119
Tangible fixed assets	€th 2,048	2,150	2,258
Financial fixed assets	€th 439,769	483,746	532,120
WCR	€th -19,224	-23,421	-24,884
Other assets	€th 1,513	3,513	3,513
Total assets (net of short term liab.)	€th 442,627	484,844	532,549
Ordinary shareholders' equity	€th 732,410	728,546	736,503
Quasi Equity & Preferred	€th		
Minority interests	€th 963	963	963
Provisions for pensions	€th 605	0.00	0.00
Other provisions for risks and liabilities	€th -298	635	635
Total provisions for risks and liabilities	€th 307	635	635
Tax liabilities	€th 454	454	454
Other liabilities	€th 14,659	14,659	14,659
Net debt (cash)	€th -306,160	-	-
Total liab. and shareholders' equity	€th 442,633	484,844	532,549

Capital Employed

	12/23A	12/24E	12/25E
Capital employed after depreciation	€th 427,713	467,595	514,614

Profits & Risks Ratios

	12/23A	12/24E	12/25E
ROE (after tax)	% 10.1	9.04	9.26
ROCE	% 12.5	11.3	10.6
Gearing (at book value)	% -22.7	-38.9	-32.7
Adj. Net debt/EBITDA(R)	x 17.8	13.3	11.0
Interest cover (x)	x -16.3	-19.6	-19.9

Valuation Ratios

	12/23A	12/24E	12/25E
Reference P/E (benchmark)	x 6.15	7.47	7.27
Free cash flow yield	% -4.27	-4.41	-5.06
P/Book	x 0.59	0.68	0.67
Dividend yield	% 8.29	4.37	4.81

EV Calculation

	12/23A	12/24E	12/25E
Market cap	€th 433,629	493,140	493,140
+ Provisions	€th 307	635	635
+ Unrecognised actuarial losses/(gains)	€th 0.00	0.00	0.00
+ Net debt at year end	€th -319,561	-	-
		274,150	235,088
+ Leases debt equivalent	€th 0.00	0.00	0.00
- Financial fixed assets (fair value)	€th 520,035	520,035	520,035
+ Minority interests (fair value)	€th 0.00	0.00	0.00
= EV	€th -405,660	-	-
		300,409	261,348
EV/EBITDA(R)	x 23.6	15.3	13.1
EV/Sales	x -41.5	-27.1	-22.8

Analyst : Saima Hussain, Changes to Forecasts : 02/09/2024.