



# IDI

Holding Companies / France

## IDI forges ahead in 2023 with solid divestments

M&A /Corp. Action - 19/06/2023

**2023 is shaping up particularly well for IDI, which, after selling Freeland in March, is preparing to sell its stake in Flex Composite Group to Michelin for a total EV of €700m. The move should not only replenish IDI's pockets, but it also demonstrates IDI's ability to create value, with a return on investment of over 12x.**

### Fact

- IDI made its first investment in Flex Composite Group for €23.2m back in 2015.
- IDI and Andera Partners have announced an agreement to sell the entire Flex Composite Group to Michelin for an enterprise value of €700m.
- This amount corresponds to an investment multiple 12x higher than the initial investment.

### Analysis

IDI kicked off 2023 on the right foot in terms of investments and divestments. Indeed, as of mid-2023, IDI had already completed four deals: the external growth of Talis Education into the Fore group and two disposals, including that of Freeland, the French leader in services to the self-employed, to MML Capital, enabling IDI to achieve a solid investment multiple of 2.2x and an IRR of c. 24% in less than four years. It is worth noting, however, that Freeland's story is a little different, as IDI reinvested a significant part of the proceeds from the sale.

This morning, IDI announced that it is now the turn of Flex Composite Group to leave its portfolio. IDI and Andera Partners have signed an agreement to sell the entire Flex Composite Group (FCG) to Michelin for an enterprise value of €700m. This transaction would correspond to a substantial return on investment of 12x the initial outlay. As a reminder, FCG joined the IDI portfolio in 2015 for €23.2m. As of December 2022, IDI held 63.4% of the group alongside Andera Partners as minority investor.

Flex Composite Group is a European leader in the design, manufacture and distribution of advanced composite materials. The Group is now made up of three divisions: i) Engineered fabrics, the technical coated fabrics division, ii) Carbon fabrics and technical composites Composite Materials, and iii) a thermoplastic films division, Technical Films, all of which have enabled it to achieve sales of c.€200m in 2022. Starting in 2015 up to 2022, through IDI's support of its development, FCG has generated an operating margin of between 25% and 30% and average organic growth of 11%.

The transaction is set to close in Q3 23, subject to approval by the competition authorities, and is further proof of IDI's ability to create value.



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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

<b>Buy</b>	<b>Upside: 47.0%</b>
Target Price (6 months)	€ 83.5
Share Price	€ 56.8
Market Cap. €M	411
Price Momentum	<b>STRONG</b>
Extremes 12Months	42.8 ▶ 56.8
Sustainability score	2.9 /10
Credit Risk	C →
Bloomberg	IDIP FP Equity
Reuters	IDVP.PA



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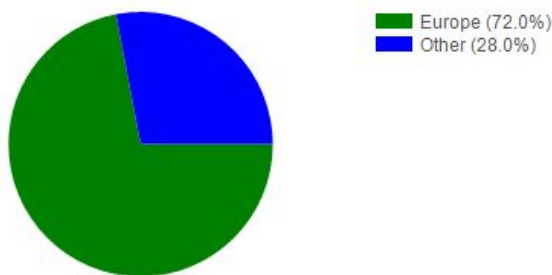


PERF	1w	1m	3m	12m
IDI	0.71%	3.07%	13.3%	18.7%
Other Financials	1.93%	1.90%	7.97%	21.4%
STOXX 600	1.48%	0.61%	5.70%	15.9%

Last updated: 06/09/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	2.98	25.0	25.8	22.1
Dividend yield (%)	7.58	5.56	5.28	6.16
EV/EBITDA(R) (x)	11.6	8.41	4.33	1.81
Adjusted EPS (€)	15.0	2.01	2.20	2.57
Growth in EPS (%)	401	-86.6	9.21	17.1
Dividend (€)	3.40	2.80	3.00	3.50
Sales (€th)	5,098	5,225	5,487	5,761
Dividend contributions marg...	70.6	70.6	70.6	70.6
Attributable net profit (€th)	108,980	14,586	15,929	18,649
ROE (after tax) (%)	19.3	2.47	2.91	3.73
Gearing (%)	-5.34	-5.64	5.33	21.4

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

## Sales by Geography



## Consolidated P&L Accounts

	12/21A	12/22E	12/23E
Sales	€th 5,098	5,225	5,487
Change in sales	% 31.4	2.50	5.00
Change in staff costs	% 74.2	6.50	5.00
EBITDA	€th -29,218	-29,802	-30,696
<b>EBITDA(R) margin</b>	% <b>-573</b>	<b>-570</b>	<b>-559</b>
Depreciation	€th -443	-454	-477
Underlying operating profit	€th -29,649	-30,244	-31,160
<b>Operating profit (EBIT)</b>	€th <b>111,650</b>	<b>15,263</b>	<b>16,623</b>
Net financial expense	€th -480	-502	-502
of which related to pensions	€th	0.00	0.00
Exceptional items & other	€th		
Corporate tax	€th -2,190	-175	-191
Equity associates	€th		
Minority interests	€th		
<b>Adjusted attributable net profit</b>	€th <b>108,980</b>	<b>14,586</b>	<b>15,929</b>
NOPAT	€th 78,155	10,684	11,636

## Cashflow Statement

	12/21A	12/22E	12/23E
EBITDA	€th -29,218	-29,802	-30,696
Change in WCR	€th 4,440	10,854	919
Actual div. received from equity holdi...	€th 0.00	0.00	0.00
Paid taxes	€th -2,190	-175	-191
Exceptional items	€th 0.00		
Other operating cash flows	€th -1,101		
Total operating cash flows	€th -28,069	-19,124	-29,969
Capital expenditure	€th -16.0	-16.0	-16.0
Total investment flows	€th 77,870	28,054	18,207
Net interest expense	€th -480	-502	-502
Dividends (parent company)	€th -23,429	-20,280	-20,280
Dividends to minorities interests	€th 0.00	0.00	0.00
New shareholders' equity	€th 0.00		
Total financial flows	€th -75,540	-57,672	-59,517
Change in cash position	€th -25,739	-48,742	-71,279
<b>Free cash flow (pre div.)</b>	€th <b>-28,565</b>	<b>-19,642</b>	<b>-30,487</b>

## Per Share Data

	12/21A	12/22E	12/23E
No. of shares net of treas. stock (year...)	Th 7,243	7,243	7,243
Number of diluted shares (average)	Th 7,243	7,243	7,243
<b>Benchmark EPS</b>	€ <b>15.0</b>	<b>2.01</b>	<b>2.20</b>
Restated NAV per share	€		
<b>Net dividend per share</b>	€ <b>3.40</b>	<b>2.80</b>	<b>3.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 88.4	55%	● GBL
Dividend Yield	€ 114	20%	● Corporacion Financ...
DCF	€ 40.6	10%	● Kinnevik Investment
P/E	€ 55.6	10%	● Ackermans & van H...
P/Book	€ 50.5	5%	● Bolloré
TARGET PRICE	€ 83.5	100%	● Wendel

### NAV/SOTP Calculation

## Balance Sheet

	12/21A	12/22E	12/23E
Goodwill	€th		
Total intangible	€th 0.00	0.00	0.00
Tangible fixed assets	€th 652	668	702
Financial fixed assets	€th 584,534	599,147	629,105
WCR	€th -16,713	-27,567	-28,486
Other assets	€th 4,979	4,979	4,979
Total assets (net of short term liab.)	€th 574,944	578,720	607,792
<b>Ordinary shareholders' equity</b>	€th <b>612,432</b>	<b>567,828</b>	<b>525,427</b>
Quasi Equity & Preferred	€th		
Minority interests	€th 8.00	8.00	8.00
Provisions for pensions	€th 393	0.00	0.00
Other provisions for risks and liabilities	€th 3,835	3,873	4,067
Total provisions for risks and liabilities	€th 4,228	3,873	4,067
Tax liabilities	€th 3,376	3,376	3,376
Other liabilities	€th 11,280	11,280	11,280
<b>Net debt (cash)</b>	€th <b>-56,387</b>	<b>-7,645</b>	<b>63,634</b>
Total liab. and shareholders' equity	€th 574,937	578,720	607,792

## Capital Employed

	12/21A	12/22E	12/23E
Capital employed after depreciation	€th 568,473	572,249	601,321

## Profits & Risks Ratios

	12/21A	12/22E	12/23E
<b>ROE (after tax)</b>	% <b>19.3</b>	<b>2.47</b>	<b>2.91</b>
ROCE	% 13.7	1.87	1.94
<b>Gearing (at book value)</b>	% <b>-5.34</b>	<b>-5.64</b>	<b>5.33</b>
Adj. Net debt/EBITDA(R)	x 1.93	0.26	-2.07
Interest cover (x)	x -61.8	-60.2	-62.1

## Valuation Ratios

	12/21A	12/22E	12/23E
<b>Reference P/E (benchmark)</b>	x <b>2.98</b>	<b>25.0</b>	<b>25.8</b>
Free cash flow yield	% -8.80	-5.38	-7.41
P/Book	x 0.53	0.64	0.78
<b>Dividend yield</b>	% <b>7.58</b>	<b>5.56</b>	<b>5.28</b>

## EV Calculation

	12/21A	12/22E	12/23E
Market cap	€th 324,730	365,039	411,384
+ Provisions	€th 4,228	3,873	4,067
+ Unrecognised actuarial losses/(gains)	€th 0.00	0.00	0.00
+ Net debt at year end	€th -57,879	-9,137	62,142
+ Leases debt equivalent	€th 0.00	0.00	0.00
- Financial fixed assets (fair value)	€th 610,381	610,381	610,381
+ Minority interests (fair value)	€th 8.00	0.00	8.00
= EV	€th -339,294	250,606	132,780
<b>EV/EBITDA(R)</b>	x <b>11.6</b>	<b>8.41</b>	<b>4.33</b>
EV/Sales	x -66.6	-48.0	-24.2

Analyst : Saima Hussain, Changes to Forecasts : 06/09/2022.