



IDI

Holding Companies / France

Nothing to rattle IDI

Earnings/sales releases - 25/09/2024

H1 24 may have been a flat start to the year for IDI, and yet the HoldCo has once again proved its resilience in a persistently challenging environment, with NAV per share remaining constant after taking the dividend into account. The decline in the number of transactions to two in the first half is not a cause for concern, given that the group has carried out more than 36 deals over the past two years. The company ended the half-year with a solid balance sheet totalling €700m of equity capital and significant investment capacity of €335.7m.

Fact

- IDI's NAV per share was almost flat (+0.53% ytd after dividends) at €92.35.
- In H1 24, IDI's shareholder equity amounted to €700m with significant investment capacity of €335.7m. In addition, there were €65m of facilities (of which €16m were drawn down).
- Ytd, IDI completed two transactions: the acquisition of a majority stake in the group specialising in elastomer solutions, Exsto, and an external growth operation with the acquisition of Aston, a school specialising in IT and digital training, by the Talis group.
- In line with the decline in transactions, the group's net profit came to €5.5m (versus €77.5m in H1 23).

Analysis

The uncertain environment leaves IDI unshaken

Despite the persistently tough environment, IDI has once again demonstrated its resilience, with NAV per share virtually unchanged (after taking into account the €5 dividend) at €92.35 (+0.53% ytd).

On the investment side, IDI saw a drop in its investment activity with only two deals completed, one acquisition and one external growth operation. In H1 24, IDI acquired a stake in Exsto, a group specialising in high-performance elastomer solutions, and the Talis Group (77.3%-owned by IDI) acquired Aston, a school specialising in IT, digital and cybersecurity training. In line with this downturn, IDI recorded a significant fall in net profit, from €77.5m last year to €5.5m. This compares with a particularly good H1 23 due to the sale of Flex Composite Group.

The drop in transaction volume shall not be a concern bearing in mind that IDI has carried out 36 transactions over the past two years, including 5 acquisitions, 8 disposals, 2 disposals, 1 disposal/reinvestment and 20 external growth transactions. We expect activity to pick up again in H2 24. The lack of completed deals can be construed as capital discipline on the part of the IDI investment team which has skin in the game. Too much private equity money has been fighting for a limited number of quality assets on one hand and a number of funds are too greedy in their selling stance. Ergo, the market has yet to find clearing prices both ways. IDI probably did well to stand on the side.

Solid balance sheet to fund new opportunities

IDI's balance sheet remained solid in H1 24 with €700m of consolidated



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Buy	Upside: 39.0%
Target Price (6 months)	€ 96.5
Share Price	€ 69.4
Market Cap. €M	499
Price Momentum	STRONG
Extremes 12 Months	56.4 ▶ 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	0.29%	-0.29%	0.58%	9.91%
Other Financials	1.76%	2.02%	3.86%	22.7%
STOXX 600	0.49%	0.30%	0.16%	14.7%

Last updated: 02/09/2024	12/23A	12/24E	12/25E	12/26E
Adjusted P/E (x)	6.15	7.56	7.35	7.08
Dividend yield (%)	8.29	4.32	4.76	5.48
EV/EBITDA(R) (x)	23.6	15.0	12.8	10.3
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](#)

shareholders' equity. The group's investment capacity is stronger than ever at €335.7m, in addition to €49m in undrawn credit facilities. IDI is clearly not short ammunition but, again, seems better off keeping its power dry for now. The HoldCo also intends to diversify geographically, indirectly.

IDI continues to make progress on ESG front

IDI, fully aware of ESG issues, has made them a priority. It began with the creation of an ESG committee at the supervisory board at the end of 2022. Today, IDI is making a point of reporting on its ESG performance and its carbon footprint, as well as on all its portfolio holdings. By 2024, the majority of IDI's holdings should have completed their first carbon footprint assessment. In addition, IdiCo is the first IDI affiliate to have obtained Mission Company status in accordance with the 2019 Pacte Act.

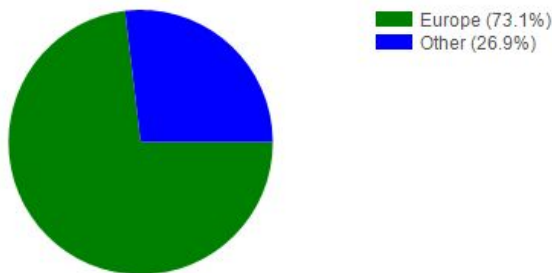
Looking ahead to FY 24

While IDI is not providing any specific financial guidance, we expect the investment activity to modestly recover in H2 24. In addition, the group has demonstrated its resilience with the stability of its NAV in a difficult environment for the Private Equity industry. IDI will deploy its investment punch when it sees fit. This is a continuing story that will not be derailed by half-year reporting vagaries.

■ Impact

We are likely to revise our EPS estimates downwards for FY 24 in line with the lower level of transactions. For all that, we maintain a very positive view on the stock.

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%	● GBL
Dividend Yield	€ 139	20%	● Corporacion Financ...
DCF	€ 57.7	10%	● Kinnevik Investment
P/E	€ 87.6	10%	● Ackermans & van H...
P/Book	€ 71.7	5%	● Bolloré
TARGET PRICE	€ 96.5	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	7.56	7.35
Free cash flow yield	% -4.27	-4.36	-5.00
P/Book	x 0.59	0.68	0.68
Dividend yield	% 8.29	4.32	4.76

EV Calculation

	12/23A	12/24E	12/25E
Market cap	€th 433,629	498,891	498,891
+ 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	-	-
		294,658	255,597
EV/EBITDA(R)	x 23.6	15.0	12.8
EV/Sales	x -41.5	-26.5	-22.3

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