



# IDI

Holding Companies / France

## Ending Q3 with firepower at its peak

Earnings/sales releases - 28/11/2023

IDI enjoyed another active quarter. Although the NAV has fallen slightly qoq (-0.9%) since June 30, 2023 (note that only the liquid assets and listed securities were revalued), it has nevertheless risen by 11.4% YTD for the first 9 months of 2023, reflecting the strength of IDI's business model. 2023 is proving to be a banner year for IDI, which has completed a number of structuring transactions, including the creation of a third-party asset management business via ildiCo, and the sale of Flex Composite Group to Michelin at a stellar cash-on-cash multiple of 12x. With investment capacity at record levels, IDI is in a prime position going forward.

### Fact

- IDI's NAV came to €724.5m (or €96.85 per share) as of September 2023 corresponding to a c.0.9% decrease qoq, although only the liquid assets and listed securities were revalued. YTD, the NAV increased by 11.4%.
- IDI, alongside Andera Partners, has announced that it completed the sale of Flex Composite Group, in which the initial investment was €23.2m in 2015, for an enterprise value of €700m, representing 12x the initial investment or an IRR of 38%, on 27 September 2023.
- As of September 2023, IDI has an investment capacity net of debt of €325m, compared with €74.1m at the end of H1-23.
- Over the quarter, IDI announced 4 deals including 1 acquisition, 1 divestment and 2 build-ups.

### Analysis

#### Significant growth in the NAV YTD

This morning, IDI published its NAV as of September 2023. Although the NAV declined slightly by 0.9% qoq from €730.7m (€97.73 per share) to €724.5m (or €96.85 per share), investors have no reason to worry about NAV progression over 2023, all the more so in that only the active liquid assets and listed securities were revalued during the third quarter. 2023 augurs well for NAV growth reaching 11.4% YTD.

#### Still no fragility amidst the adverse market conditions

While the main private equity players continue to suffer from the difficult environment in terms of both financing and deal flow, IDI shows no signs of fragility in its portfolio rotation. YTD, IDI has completed 14 deals, including 5 disposals, 4 external growth transactions and 5 acquisitions. Among IDI's most notable transactions were the completion of the acquisition of 40% of Omnes' energy transition and innovation activities, the creation of ildiCo, and 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. In addition to these transactions, IDI also saw (i) the disposal and subsequent reinvestment in Freeland, (ii) the investment in the major European player in the hybrid turf market, Natural Grass and (iii) the disposal of Fidinav, a group specialising in the maritime transportation of dry bulk, for an IRR of 6%.

With 2023 already well underway for IDI, the third quarter saw four new transactions, including (i) IDI's acquisition of a majority stake (c.90%) in Prevost



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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: 48.9%
Target Price (6 months)	€ 96.8
Share Price	€ 65.0
Market Cap. €M	471
Price Momentum	GOOD
Extremes 12Months	46.4 ▶ 69.8
Sustainability score	2.9 /10
Credit Risk	CCC →
Bloomberg	IDIP FP Equity
Reuters	IDVP.PA



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PERF	1w	1m	3m	12m
IDI	0.93%	7.62%	-2.69%	37.2%
Other Financials	1.10%	13.2%	5.84%	1.86%
STOXX 600	0.47%	6.71%	1.56%	4.01%

Last updated: 26/10/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	4.54	7.05	7.95	7.36
Dividend yield (%)	4.96	4.31	4.62	4.92
EV/EBITDA(R) (x)	47.3	-50.4	-49.4	-67.6
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

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Laboratory Concept, a laboratory and manufacturer (CDMO) of cosmetics products and food supplements, (ii) the sale of VOIP, a BtoB telecoms operator, and (iii) two external growth transactions for Group Positive and CDS Groupe.

### **Strong firepower following the sale of FCG**

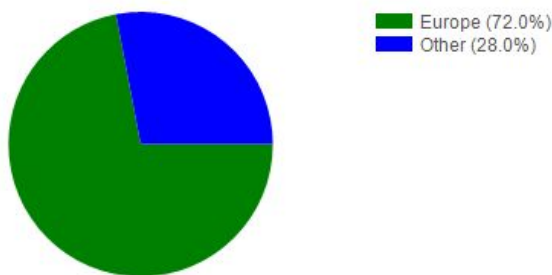
Following the sale of FCG, IDI has substantially improved its investment capacity net of debt, rising from €74.1m in H1-23 to €325m in September 2023, which should enable it to sustain its strong investment momentum and seize opportunities in 2024.

We reiterate our views expressed at the H1-2023 stage: IDI's buoyant investment activity at a time when the private equity landscape had been expected to be hit by the slowdown in deal flow and cutbacks in financing, makes IDI a compelling long-term play.

### **■ Impact**

This release should not have a material impact on our estimates.

## 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
<b>EBITDA(R) margin</b>	<b>% -68.8</b>	<b>18.8</b>	<b>14.1</b>
Depreciation	€th -232	-2,961	-3,694
Underlying operating profit	€th -6,659	1,999	980
<b>Operating profit (EBIT)</b>	<b>€th 77,960</b>	<b>91,499</b>	<b>81,368</b>
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
<b>Adjusted attributable net profit</b>	<b>€th 80,384</b>	<b>66,785</b>	<b>59,188</b>
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
<b>Free cash flow (pre div.)</b>	<b>€th -22,811</b>	<b>-16,526</b>	<b>-13,849</b>

## 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
<b>Benchmark EPS</b>	<b>€ 11.1</b>	<b>9.22</b>	<b>8.17</b>
Restated NAV per share	€		
<b>Net dividend per share</b>	<b>€ 2.50</b>	<b>2.80</b>	<b>3.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 87.7	55%	● Ackermans & van H...
Dividend Yield	€ 130	20%	● Bolloré
DCF	€ 61.2	10%	● Corporacion Financ...
P/E	€ 130	10%	● GBL
P/Book	€ 68.8	5%	● Kinnevik Investment
TARGET PRICE	€ 96.8	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
<b>Ordinary shareholders' equity</b>	<b>€th 672,792</b>	<b>801,608</b>	<b>794,254</b>
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
<b>Net debt (cash)</b>	<b>€th -26,918</b>	<b>-</b>	<b>-</b>
		<b>243,491</b>	<b>223,865</b>
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
<b>ROE (after tax)</b>	<b>% 12.5</b>	<b>9.06</b>	<b>7.42</b>
ROCE	% 9.19	12.1	10.5
<b>Gearing (at book value)</b>	<b>% -6.19</b>	<b>-16.9</b>	<b>-29.4</b>
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
<b>Reference P/E (benchmark)</b>	<b>x 4.54</b>	<b>7.05</b>	<b>7.95</b>
Free cash flow yield	% -6.25	-3.51	-2.94
P/Book	x 0.54	0.59	0.59
<b>Dividend yield</b>	<b>% 4.96</b>	<b>4.31</b>	<b>4.62</b>

## EV Calculation

	12/22A	12/23E	12/24E
Market cap	€th 365,005	470,730	470,730
+ 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	-	-
		233,701	213,892
<b>EV/EBITDA(R)</b>	<b>x 47.3</b>	<b>-50.4</b>	<b>-49.4</b>
EV/Sales	x -32.5	-9.47	-6.95

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