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Opinion	Buy
Upside (%)	46.2
Price (€)	55
Target Price (€)	80.4
Bloomberg Code	IDIP FP
Market Cap (€M)	398
Enterprise Value (€th)	-168,389
Momentum	STRONG
Sustainability	3/10

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Conflicts of interest

Corporate broking	No
Trading in corporate shares	No
Analyst ownership	No
Advice to corporate	No
Research paid for by corporate	Yes
Corporate access	No
Brokerage activity at AlphaValue	No
Client of AlphaValue Research	No

IDI

Private equity aligned to stakeholders does pay off

PROS

- IDI strikes as a private equity firm more aligned to the interests of its stakeholders as its management has skin in the game at the holding and equity stakes level.
- IDI is not subject to investment time constraints like most PE funds, this flexible approach allows IDI to accompany the investee companies through the whole development process, enhancing value creation.
- IDI's investment model based on engaged and entrepreneurial ownership has proven successful, ensuring stable dividend payments, an attractive yield and a 15% average annual total shareholder return since 1991.

CONS

- As a partnership limited by shares, minority shareholders could suffer from this legal set-up since the value of voting rights is essentially nil.
- Given its small size in absolute terms, IDI may fall below most investors' radars.

KEY DATA	12/19A	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	16.3	13.2	20.0	22.6	21.4
Dividend yield (%)	3.44	5.03	4.68	3.82	3.82
EV/EBITDA(R) (x)	8.61	14.1	13.4	8.96	8.72
Adjusted EPS (€)	2.66	3.00	2.24	2.44	2.57
Growth in EPS (%)	-64.6	12.7	-25.5	8.82	5.40
Dividend (€)	1.50	2.00	2.10	2.10	2.10
Sales (€th)	2,670	3,880	4,851	4,900	5,145
Dividend contributions margin (%)	46.7	90.9	88.6	88.6	88.6
Attributable net profit (€th)	19,241	21,722	16,208	17,637	18,590
ROE (after tax) (%)	3.92	4.26	3.02	3.21	3.40
Gearing (%)	-2.12	-3.83	-2.52	-2.23	1.23

Detailed financials at the end of this report

Key Ratios

		12/20A	12/21E	12/22E	12/23E
Adjusted P/E	x	13.2	20.0	22.6	21.4
EV/EBITDA	x	14.1	13.4	8.96	8.72
P/Book	x	0.56	0.59	0.73	0.73
Dividend yield	%	5.03	4.68	3.82	3.82
Free Cash Flow Yield	%	-8.91	-2.64	-6.57	-6.83
ROE (after tax)	%	4.26	3.02	3.21	3.40
ROCE	%	2.95	3.24	3.47	3.47
Net debt/EBITDA	x	0.51	1.01	0.29	-0.96

Consolidated P&L

		12/20A	12/21E	12/22E	12/23E
Sales	€th	3,880	4,851	4,900	5,145
EBITDA	€th	-17,714	-18,600	-18,786	-19,725
Underlying operating profit	€th	-17,640	-19,063	-19,253	-20,216
Operating profit (EBIT)	€th	21,932	24,466	26,452	27,775
Net financial expenses	€th	-1,881	-1,956	-1,956	-1,956
Pre-tax profit before exceptional items	€th	20,051	22,511	24,496	25,819
Corporate tax	€th	1,671	-6,303	-6,859	-7,229
Attributable net profit	€th	21,722	16,208	17,637	18,590
Adjusted attributable net profit	€th	21,722	16,208	17,637	18,590

Cashflow Statement

		12/20A	12/21E	12/22E	12/23E
Total operating cash flows	€th	-23,751	-6,608	-24,200	-25,216
Capital expenditure	€th	-24.0	-24.0	-24.0	-24.0
Total investment flows	€th	14,456	33,485	28,520	18,697
Dividends (parent company)	€th	-12,453	-14,485	-15,210	-15,210
New shareholders' equity	€th	0.00			
Total financial flows	€th	493	-17,044	-17,774	-17,805
Change in net debt position	€th	-23,821	9,833	-13,454	-24,323
Free cash flow (pre div.)	€th	-25,656	-8,588	-26,180	-27,196

Balance Sheet

		12/20A	12/21E	12/22E	12/23E
Goodwill	€th				
Total intangible	€th	0.00	0.00	0.00	0.00
Tangible fixed assets	€th	662	695	702	737
Right-of-use	€th	1,923	1,904	1,904	1,904
WCR	€th	-11,133	-29,428	-30,873	-32,611
Total assets (net of short term liabilities)	€th	527,415	553,429	557,570	584,041
Ordinary shareholders' equity (group share)	€th	518,395	554,445	545,092	547,036
Provisions for pensions	€th	399	0.00	0.00	0.00
Net debt / (cash)	€th	-9,040	-18,873	-5,419	18,904
Total liabilities and shareholders' equity	€th	527,420	553,429	557,570	584,041

Per Share Data

		12/20A	12/21E	12/22E	12/23E
Adjusted EPS (bfr goodwill amort. & dil.)	€	3.00	2.24	2.44	2.57
Net dividend per share	€	2.00	2.10	2.10	2.10
Free cash flow per share	€	-3.55	-1.19	-3.61	-3.75
Book value per share	€	71.6	76.6	75.3	75.5
Number of diluted shares (average)	Th	7,232	7,243	7,243	7,243

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Businesses & Trends

IDI is a pioneer in the private equity arena in France, with over 50 years of experience in the field and a particular investment focus on SMEs. IDI is one of the first listed investment companies in France (1991), achieving an annualised IRR (dividends reinvested) of 15% over the past 30 years. Its NAV at the close of H1 21 stood at €577m, with an average discount to NAV of c.30% since 2014.

IDI strikes as a private equity firm effectively more aligned to the interests of its stakeholders than the industry mediocre record in that respect. This is in spite of its resorting to a partnership limited by shares as a legal shell. IDI differs as it has no time constraint and as its management has skin in the game at the holding level as well as at the equity stakes level. Indeed, what sets IDI apart from other private equity players, aside from the fact that most of the investment activity is funded by its own equity capital, is that it operates under a model that is not constrained by time to liquidity that most PE funds are subject to.

On the one hand, this flexible approach allows IDI to accompany the investee companies through the whole development process without having to resort to hasty value-pumping measures in order to appease investors waiting to be paid out. On the other hand, the liberty of not having to adhere to a calendar also allows the company to be agile and seize opportunities when they arise. This may result in IDI exiting investments faster than its more usual investment horizon of five to seven years, to capitalise on favourable market conditions and crystallise higher IRRs.

A resilient flexible investment approach in the face of a crisis

This no-rush approach is conducted by a management team that, all combined, makes up the main shareholder base, accounting for 55% of the share capital, providing plenty of confidence that the company's equity capital is being allocated wisely in order to support long-term value creation. The lack of a liquidation schedule also allows IDI to time its exits better in periods of market downturn — as was the case in 2020 at the height of the Coronavirus pandemic — to capitalise on a subsequent recovery in market multiples to crystallise higher rates of return, which appears to be the case in 2021, judging by the several recent transactions announced since the beginning of the year (with an average IRR of 27.3%).

Demonstrating the resilience of the IDI model in a volatile market environment, as was the case in the midst of the COVID-19 pandemic, is the performance shown in 2020, posting a 6.11% NAV growth rate. This was mainly led by improved fair values of the Private Equity Europe assets (+€36m) and liquid assets (+€12m), with the former benefiting from improved operational performance and higher valuation multiples at the end of the year, as well as the capital gains on the exit of HEA Expertise under very favourable valuation conditions agreed before the sanitary crisis, securing a solid 35% IRR. Even after having invested €32m over the course of 2020, IDI closed the year with a €124m-strong total liquidity position (€142m in FY19), which swiftly rose to

€185m at the end of June 2021, attesting to the continued positive momentum of the portfolio.

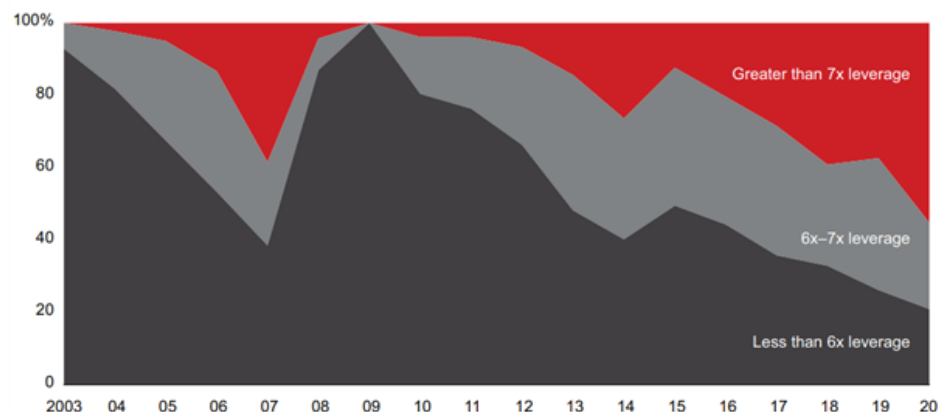
IDI: a hands-on shareholder

In the holding company universe, one can distinguish three different types of management styles of the portfolio: first, there are those that keep their investments at arms-length and are content with collecting periodic dividends, secondly are those that get “down and dirty”, getting directly involved in the operations of their investee companies, which can quickly get complicated when new investments fall in completely different sectors.

Then, there is a third path, to which IDI ascribes to, a hands-on approach as a shareholder, as it is working in close relationship with the investee company's management and getting involved in the supervisory board, but leaving the day-to-day operations to skilled managers who have the valuable knowledge in the respective sectors of activity. This avoids spreading the HoldCo's resources too thin, which increases the likelihood of execution risks.

Regarding investment strategies, IDI specialises in LBO investments as well as growth capital investments in SMEs. The company's judicious investment approach extends to the near zero leverage maintained at the holdings level, with an average gearing ratio for its investments of 2.6x EBITDA in 2020, displaying exceptional prudence in a private equity market that has seen leverage ratios steadily climb for years (and accelerating further in 2020). One can look no further than the US private equity market, where leverage in the LBO market has reached ludicrous levels of more than 6.0x EBITDA in nearly 80% of deals carried out in 2020, as shown in the graphic below coming from Bain & Company's 2021 Global Private Equity Report.

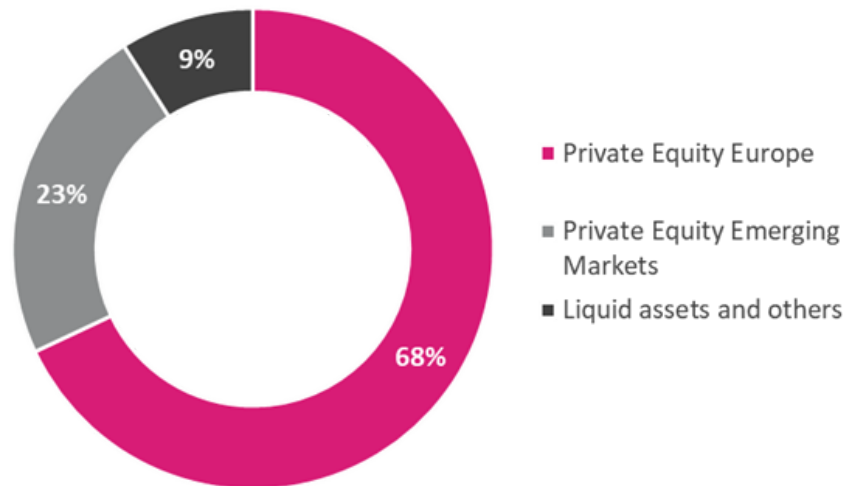
Share of US leveraged buyout market, by leverage level



Source: Refinitiv LPC

In terms of geographical breakdown, the lion's share of the portfolio is Europe-based (France in particular), accounting for 68% of the NAV (as per the FY20 annual report), with the emerging market exposure (9% of the NAV) being run through a third-party capital management model (combined with own equity capital investing) under the IDI Emerging Markets Partners umbrella.

NAV breakdown as of December 2020



Source: IDI Annual FY20 report, AlphaValue

Concerning the size of the investments, IDI being a relatively smaller player in the private equity space, these range between €10 and €50m and can extend up to €150m with family office type co-investors, i.e. not time constrained as well. IDI is flexible in regards to the shareholding size, as its current portfolio includes majority, co-controlled and minority investments, usually determined by the scope of the deal.

An attractive high-growth portfolio

The portfolio is composed of 16 holdings as of September 2021, allocated across a variety of sectors, including many companies present in digitally-native businesses (reminding us of a smaller Kinnevik), which are supported by strong underlying trends with high-growth potential such as media streaming (Dubbing Bros), e-commerce (Group Label), the energy transition (TucEnergy) and social issues like education (Talis) and healthcare (WinnCare Group).

Regarding the more industrial-type businesses like Flex Composite Group, these follow a solution-based approach which bring added value and recurring revenue generation, setting them apart from more commoditised and, hence, cyclical peers. IDI's diversified asset base allows stakeholders to gain exposure to these unlisted, high-potential SMEs that may fall under the radar of equity investors.

Divisional Breakdown Of Revenues

Sector	12/20A	12/21E	12/22E	12/23E	Change 21E/20		Change 22E/21E	
					€th	of % total	€th	of % total
Total sales	3,880	4,851	4,900	5,145	971 ↑	100%	49 ↑	100%
PE Europe Holding Companies	2,719	2,855	2,883	3,028	136 ↑	14%	28 ↑	57%
PE Emergents Holding Companies	839	1,426	1,441	1,513	587 ↑	60%	15 ↑	31%
Actifs Liquides Invest Mgt-Advis Serv	72.0	320	323	339	248 ↑	26%	3 ↑	6%
Other	250	250	253	265	0 ↑	0%	3 ↑	6%

Key Exposures

	Revenues	Costs	Equity
Dollar	25.0%	25.0%	25.0%
Emerging currencies	0.0%	0.0%	0.0%
Euro	75.0%	75.0%	75.0%
Long-term global warming	0.0%	0.0%	0.0%

Sales By Geography

Europe	71.2%
Other	28.8%

We address exposures (eg. how much of the turnover is exposed to the \$) rather than sensitivities (say, how much a 5% move in the \$ affects the bottom line). This is to make comparisons easier and provides useful tools when extracting relevant data. Actually, the subject is rather complex on the ground. The default position is one of an investor managing in €. An investor in £ will obviously not react to a £ based stock trading partly in € as would a € based investor. In addition, certain circumstances can prove difficult to unravel such as for eg. a € based investor confronted to a Swiss company reporting in \$ but with a quote in CHF... Sales exposure is probably straightforward but one has to be careful with deep cyclicals. Costs exposure is a bit less easy to determine (we do not allow for hedges as they can only be postponing the day of reckoning). How much of the equity is exposed to a given subject is rarely straightforward but can be quite telling. In addition, subjects are frequently intertwined. A \$ exposure may encompass all revenues in \$ pegged currencies and an emerging currency exposure is likely to include \$ pegged currencies as well. Exposure to global warming issues is frequently indirect and may require to stretch a bit imagination.

Money Making

IDI's holdings are not consolidated, regardless of the size of the stake held (majority or co-controlled), hence the company's accounts reflect solely the activity at the holding company level. Based on his pure-play investment company structure, the P&L is not particularly elucidating and is thus of lesser importance compared to the NAV, which stands as the chief performance indicator for this type of structure.

Focusing on cash generation, as is the case for pure investment companies, the lion's share of the cash stems from exits from investments and the capital gains realised from the sales. These capital gains are accounted for under 'Changes in fair value of financial assets', which comprises both realised and unrealised gains, which evidently carry very different cash implications. In 2020, changes to fair value of assets amounted to €39.6m, accounting for 91.6% of the result from investment activities.

In terms of recurring income, the main source comes from the dividend upstream from portfolio companies that pay out dividends, which is usually the case for the more mature larger assets. In 2020, IDI received €3.5m in dividend inflows, of which 76% (€2.7m) from investee companies under the Private Equity Europe segment.

Although marginal, the third-party capital management activity nesting in the IDI Emerging Markets Partners subsidiary also generates interest income from the invested AUMs, which, when combined with the carried interest earned from these funds, makes it the third — though quite minor — source of cash for the holding company. In 2020, interest income amounted to €108k, with the PE Emergents segments representing 57% of the result (€62k).

Attractive dividend yield stands out from peers

IDI's flexible investment approach supports its ability to identify the best time for exits, allowing the company to achieve high IRRs (averaging 15-25% for its PE Europe activity) and realise sizeable capital gains. This, combined with a disciplined stance on maintaining an average share of 20% of liquid assets & cash in the portfolio, is translated into a robust dividend policy that is able to withstand a volatile market environment (to the benefit of the family-owners and minority shareholders alike); which was the case in 2020. Despite the impact of the global pandemic, IDI was able to distribute a dividend of €1.50 per share (modestly cut from a pre-pandemic proposal of €1.90), which represented a solid 5.0% dividend yield. This compared quite favourably to the 3.1% dividend yield averaged across holding companies under our coverage last year.

When market conditions improve, IDI is also keen to follow with more generous dividend pay-outs, which helps support IDI's case as an alluring investment proposition for investors that value attractive and dependable dividends as part of improving shareholder returns. Motivated by the successful disposals carried out in H1 21, and a €185m-strong liquidity position at the close of H1, the HoldCo decided to distribute a €1.10 per share interim dividend at the end of

September, ahead of the final dividend proposal on the FY21 results (to be decided at the next AGM in 2022). We currently expect a €2.10 dividend per share, which would correspond to a 5.10% yield, well above the 2.3% average yield that we forecast for its holding company peers.

Divisional Dividend contributions

	12/20A	12/21E	12/22E	12/23E	Change 21E/20		Change 22E/21E	
					€th	of % total	€th	of % total
Total	3,526	4,296	4,339	4,556	770 ↑	100%	43 ↑	100%
PE Emergents	777	1,166	1,177	1,236	389 ↑	51%	11 ↑	26%
Actifs Liquides	72.0	320	323	339	248 ↑	32%	3 ↑	7%
PE Europe	2,673	2,807	2,835	2,976	134 ↑	17%	28 ↑	65%
Other/cancellations	4.00	4.20	4.24	4.45	0 ↑	0%	0 ↑	0%

Divisional Dividend contributions margin

	12/20A	12/21E	12/22E	12/23E
Total	90.9%	88.6%	88.6%	88.6%
PE Emergents	92.6%	81.7%	81.7%	81.7%
Actifs Liquides	100%	100%	100%	100%
PE Europe	98.3%	98.3%	98.3%	98.3%

Valuation

The basis of our valuation starts with the NAV, which is estimated as an aggregate of the individual valuation of the 16 participations (as of September 2021) in the portfolio, segmented in IDI's two operating pillars, Private Equity Europe and Private Equity Emergents. Compared to IDI's understandably conservative valuation, we see substantial upside potential from its diversified roster of assets, as shown by the over 50% discount to our estimated NAV.

Being a pure-play investment company with no consolidated activities outside the parent, the DCF is not particularly elucidating when it comes to valuing this type of holding company structure. As a result, the DCF solely reflects the dividend flows from investee companies, since trying to estimate cash entries from potential disposals seems too vague of an exercise given IDI's investment profile, which is not subject to fund liquidation schedules like the majority of its private equity peers do. This was the case in 2020, where due to an unfavourable market environment brought by the COVID-19 pandemic, management held back on disposals, having just carried out the sale of HEA Expertise in April 2020 on conditions agreed before the sanitary and economic crisis (and realising a solid 35% IRR on its investment).

Regarding the peer metrics valuation, the approach is much more clear-cut. We base it on a group of family-type holding companies with a control/hands-on style in the management of the underlying assets. With many having assets in their respective portfolios that follow a service-based focus, which supports added value ambitions and recurring revenue generation, setting them apart from more commoditised and, hence, cyclical peers. The yield-based valuation jumps out, presenting a 2x upside potential, justified by IDI's solid 5.1% dividend yield expected for FY21, compared to a modest 2.0% for its peers.

Please also read section 'Worth Knowing' about the impact of the SCA status on valuation

Valuation Summary

Benchmarks		Values (€)	Upside	Weight
NAV/SOTP per share		88.4	61%	55%
Dividend Yield	Peers	104	88%	20%
DCF		36.8	-33%	10%
P/E	Peers	38.9	-29%	10%
P/Book	Peers	69.1	26%	5%
Target Price		80.4	46%	

Comparison based valuation

Computed on 18 month forecasts	P/E (x)	P/Book (x)	Yield(%)
Peers ratios	23.3	0.92	2.03
IDI's ratios	22.1	0.73	3.82
Premium	-33.0%	0.00%	0.00%
Default comparison based valuation (€)	38.9	69.1	104
Bolloré	22.7	1.29	1.26
GBL	49.9	0.65	3.41
Ackermans & van Haaren	13.5	1.48	1.50
Kinnevik Investment	20.5	0.63	0.00
Wendel	17.8	1.39	3.49
Corporacion Financiera Alba	19.9	0.83	1.87

DCF Valuation Per Share

WACC	%	8.19	Avg net debt (cash) at book value	€th	-12,146
PV of cashflow FY1-FY11	€th	-155,7...	Provisions	€th	4,026
FY11CF	€th	-20,640	Unrecognised actuarial losses (gains)	€th	0.00
Normalised long-term growth "g"	%	2.00	Financial assets at market price	€th	557,908
Sustainability "g"	%	1.65	Minorities interests (fair value)	€th	8.00
Terminal value	€th	-315,4...	Equity value	€th	266,753
PV terminal value	€th	-143,5...	Number of shares	Th	7,243
<i>PV terminal value in % of total value</i>	%	48.0	Implied equity value per share	€	36.8
Total PV	€th	-299,2...	Sustainability impact on DCF	%	3.14

Assessing The Cost Of Capital

Synthetic default risk free rate	%	3.50	Company debt spread	bp	0.00
Target equity risk premium	%	5.00	Marginal Company cost of debt	%	3.50
Tax advantage of debt finance (normalised)	%	30.0	Company beta (leveraged)	x	0.91
Average debt maturity	Year	5	Company gearing at market value	%	-4.74
Sector asset beta	x	0.94	Company market gearing	%	-4.97
Debt beta	x	0.00	Required return on geared equity	%	8.04
Market capitalisation	€th	398,347	Cost of debt	%	2.45
Net debt (cash) at book value	€th	-18,873	Cost of ungeared equity	%	8.19
Net debt (cash) at market value	€th	-18,873	WACC	%	8.19

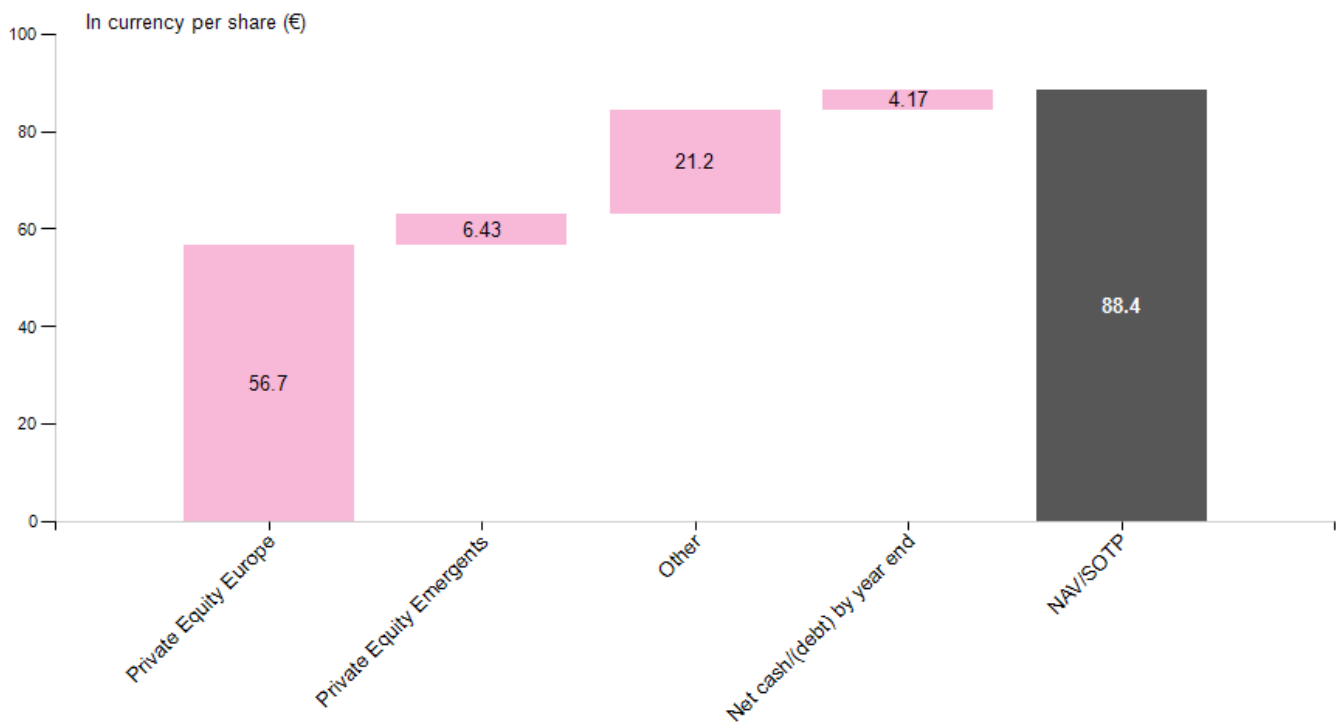
DCF Calculation

		12/20A	12/21E	12/22E	12/23E	Growth	12/24E	12/31E
Sales	€th	3,880	4,851	4,900	5,145	2.50%	5,273	6,268
EBITDA	€th	-17,714	-18,600	-18,786	-19,725	-5.00%	-18,739	-13,086
<i>EBITDA Margin</i>	%	-457	-383	-383	-383		-355	-209
Change in WCR	€th	-2,867	18,295	1,445	1,738	2.00%	1,773	2,037
Total operating cash flows (pre tax)	€th	-25,422	-305	-17,341	-17,986		-16,965	-11,049
Corporate tax	€th	1,671	-6,303	-6,859	-7,229	2.00%	-7,374	-8,470
Net tax shield	€th	-564	-587	-587	-587	2.00%	-599	-688
Capital expenditure	€th	-24.0	-24.0	-24.0	-24.0	2.00%	-24.5	-28.1
<i>Capex/Sales</i>	%	-0.62	-0.49	-0.49	-0.47		-0.46	-0.45
Pre financing costs FCF (for DCF purposes)	€th	-24,339	-7,219	-24,811	-25,827		-24,962	-20,235
Various add backs (incl. R&D, etc.) for DCF purposes	€th							
Free cash flow adjusted	€th	-24,339	-7,219	-24,811	-25,827		-24,962	-20,235
Discounted free cash flows	€th	-24,339	-7,219	-22,932	-22,063		-19,710	-9,207
Invested capital	€	521	529	533	560		571	656

NAV/SOTP Calculation

	% owned	Valuation technique	Multiple used	Valuation at 100% (€th)	Stake valuation (€th)	In currency per share (€)	% of gross assets
Private Equity Europe	100%	AlphaValue valuation		410,500	410,500	56.7	67.3%
Private Equity Emerg...	100%	NAV		46,600	46,600	6.43	7.63%
Other					153,300 ⁽¹⁾	21.2	25.1%
Total gross assets					610,400	84.3	100%
Net cash/(debt) by year end					30,177	4.17	4.94%
Commitments to pay							
Commitments received							
NAV/SOTP					640,577	88.4	105%
Number of shares net of treasury shares - year end (Th)					7,243		
NAV/SOTP per share (€)						88.4	
Current discount to NAV/SOTP (%)						37.8	

1. Corresponds to other non-cash liquid assets.



Debt

IDI exemplifies a conservative approach to leverage, a rarity among private equity peers, by not recurring to debt at the holding company level in order to fund its acquisitions. It also monitors judiciously the leverage ratios of its portfolio companies, standing at a prudent 2.6x net debt/EBITDA at the close of 2020, compared to an average of 5.8x for European PE-sponsored deals last year. It is important to note that, even in the case that one of the participations runs into difficulties, the holdings are siloed so as to not impact any of the other assets nor IDI itself.

The company made use of a single €15m credit facility at the end of 2020. Overall, gross debt on the consolidated accounts amounted to €86.1m at the end of June 2021 (it stood at €129.5m at close of 2020), but this mainly corresponds to intra-group current accounts and a small portion in uncalled capital commitments on the IDI Emerging Markets funds. IDI maintains a net cash position, and held €184.5m in cash and liquid assets in H1 21, increasing from €123m in December 2020.

As part of its investment strategy, IDI maintains a healthy level of liquid assets as a percentage of the total portfolio, averaging c.20% historically (23% in 2020, down from 27% in 2019).

Detailed financials at the end of this report

Funding - Liquidity

		12/20A	12/21E	12/22E	12/23E
EBITDA	€th	-17,714	-18,600	-18,786	-19,725
Funds from operations (FFO)	€th	-22,383	-26,859	-27,601	-28,910
Ordinary shareholders' equity	€th	518,395	554,445	545,092	547,036
Gross debt	€th	129,540	129,540	129,540	129,540
+ Gross Cash	€th	138,580	148,413	134,959	110,636
= Net debt / (cash)	€th	-9,040 ⁽¹⁾	-18,873 ⁽¹⁾	-5,419 ⁽¹⁾	18,904 ⁽¹⁾
Gearing (at book value)	%	-3.83	-2.52	-2.23	1.23
Equity/Total asset (%)	%	98.3	100	97.8	93.7
Adj. Net debt/EBITDA(R)	x	0.51	1.01	0.29	-0.96
Adjusted Gross Debt/EBITDA(R)	x	-7.55	-7.18	-7.11	-6.78
Adj. gross debt/(Adj. gross debt+Equity)	%	20.5	19.4	19.7	19.7
Ebit cover	x	-9.38	-9.75	-9.84	-10.3
FFO/Gross Debt	%	-16.7	-20.1	-20.7	-21.6
FFO/Net debt	%	248	142	509	-153
FCF/Adj. gross debt (%)	%	-19.2	-6.43	-19.6	-20.3
(Gross cash+ "cash" FCF+undrawn)/ST debt	x	2.48	3.07	2.39	1.83
"Cash" FCF/ST debt	x	-0.56	-0.19	-0.58	-0.60

1. Includes all current and non-current financial debt minus cash, short-term placements, as well as the fair value of liquid assets, which historically averages at c.20% of the total portfolio.

Worth Knowing

IDI's inception as a standalone investment corporation was rather unique in that it came from a privatisation process back in 1988 when France put an end to its vision of socialism. The then and still CEO saw an opportunity to list IDI and organise for himself to become a reference shareholder.

One legal device was to set up in 1990 a *commandite par actions* (SCA), i.e. a partnership limited by shares. The *Associés Commandités* are the general partners: they have the power and shoulder all risks (rather a nominal concept these days). This legal set up in effect splits the economic interests and the decision-making process as the voting rights held by the 'associés commanditaires' provide them with no leverage to unseat the management/general partners. French 'commandites' are very robust/difficult to break. So that the value of voting rights is essentially nil with no simple formula to assess how much of a discount this creates on the valuation. As for anything listed, the lack of voting rights is only relevant when the going gets rough and when markets are risk averse.

When money is cheap and the sky is blue, hope reigns supreme and voting rights do not matter. The point here is really that the SCA structure is a negative but that it need not have a great impact in current market conditions. A limited number of occurrences, spread over decades, whereby an SCA becomes a limited company (SA) does not provide much light on the implied discount of holding a share in an SCA as opposed to a SA.

At IDI, the *Associés Commandités* (general partners) take the form of a corporation named Ancelle et Associés. The control of Ancelle provides the control of IDI. Ancelle as the *Associé Commandité* will provide limitless guarantees to debtors of IDI while other shareholders' risk are limited to their ownership. The indefinite risk of Ancelle is obviously a very limited one in real life as IDI's business is indeed not to pile up debt and risks at the corporate level. Obviously, as well, the fact that the general partner is a corporate entity means that risks are also absorbed at this level.

See Governance section to review this dimension

Shareholders

Name	% owned	Of which % voting rights	Of which % free to float
Ancelle & Associés	67.8%	85.5%	0.00%
Allianz IARD	5.26%	3.29%	5.26%
Apparent free float			32.2%

Sustainability

AlphaValue's automated Sustainability scoring is not applicable to IDI, given that several data inputs necessary for the computation of the Environment and Social scores do not pertain nor apply to holding company-type structures such as IDI. Hence, the Sustainability score calculation is not relevant in this issuer's case.

Sustainability score

Sustainability is made of analytical items contributing to the E, the S and the G, that can be highlighted as sustainability precursors and can be combined in an intellectually acceptable way. This is the only scale made available

	Score	Weight
Governance		
Independent directors rate	5/10	25%
Board geographic diversity	0/10	20%
Chairman vs. Executive split	✓	5%
Environment		
CO ² Emission	1/10	25%
Water withdrawal	1/10	10%
Social		
Wage dispersion trend	0/10	5%
Job satisfaction	3/10	5%
Internal communication	10/10	5%
Sustainability score	2.9/10	100%

Governance & Management

The four active managers are part of an executive committee. Checks and balances are provided by a supervisory board of 11 members (six of whom we judge as independent based on AlphaValue's criteria) with three of them sharing responsibilities on an Audit committee.

The supervisory board has a limited sway as, ultimately, the general partner (Ancelle et Associés; *see Worth Knowing*) has all the power. Ancelle is as per the by-laws not represented on the supervisory board but two members of the controlling family (Langlois-Meurine) have seats.

Governance score

Company (Sector)









5.1 (5.6)

Independent board























Yes

Parameters	Company	Sector	Score	Weight
Number of board members	11	9	7/10	5.0%
Board feminization (%)	45	32	9/10	5.0%
Board domestic density (%)	100	67	0/10	10.0%
Average age of board's members	57	58	7/10	5.0%
Type of company : Small cap, controlled			4/10	10.0%
Independent directors rate	54	40	5/10	20.0%
One share, one vote			✗	10.0%
Chairman vs. Executive split			✓	0.0%
Chairman not ex executive			✓	5.0%
Full disclosure on mgt pay			✓	5.0%
Disclosure of performance anchor for bonus trigger			✗	5.0%
Compensation committee reporting to board of directors			✗	5.0%
Straightforward, clean by-laws			✓	15.0%
Governance score			5.1/10	100.0%

Management

Name	Function	Birth date	Date in	Date out	Compensation, in k€ (year)	
					Cash	Equity linked
Christian LANGLOIS-MEURINNE	M   CEO	1944	1971			
Julien BENTZ	M   Managing Partner	1975	2005			
Marco DE ALFARO	M   Partner	1961	2004			
Tatiana NOURISSAT	F   General Secretary	1969	2004			

Board of Directors

Name		Indep.	Function	Completion of current mandate	Birth date	Date in	Date out	Fees / indemnity, in k€ (year)	Value of holding, in k€ (year)
Luce GENDRY	F	 	President/Chairman of th...	2023	1950	2008		18.0 (2020)	
Gilles BABINET	M	 	Member	2022	1967	2019		5.33 (2020)	
Nathalie BALLA	F	 	Member	2023	1967	2021			
Philippe CHARQUET	M	 	Member	2023	1963	2011		12.0 (2020)	
Grégoire CHERTOK	M	 	Member	2023	1966	2017		8.00 (2020)	
Aimery LANGLOIS-MEURINNE	M	 	Member	2023	1943	2008		4.00 (2020)	
Iris LANGLOIS-MEURINNE	F	 	Member	2023	1976	2017		8.00 (2020)	
Domitille MEHEUT	F	 	Member	2023	1973	2014		8.00 (2020)	
Hélène MOLINARI	F	 	Member	2023	1963	2020		6.00 (2020)	
Corentin PETIT	M	 	Member	2023	1986	2021			
Jacques RICHIER	M	 	Member	2023	1955	2016		8.00 (2020)	

Environment

AlphaValue's automated Environment scoring is not applicable to IDI, given that several data inputs necessary for the computation of the Environment score do not pertain nor apply to holding company-type structures such as IDI.

Environmental Score

Data sets evaluated as trends on rolling calendar, made sector relative



































Parameters	Score	Sector	Weight
Energy	1/10	3/10	25%
CO ² Emission	1/10	5/10	30%
Waste	1/10	3/10	15%
Water withdrawal	1/10	3/10	30%

Company (Sector)

1.00 (3.57)

Environmental metrics

Sector figures

Company	Country	Environment score	Energy (total, in GJ)	CO2 Emissions (in tons)	Water Withdrawal (in m3)	Waste (total, (in tons)
En+		2/10	287,300,000	50,600,000	852,000,000	213,300,000
DWS		4/10		4,329		
AURELIUS		4/10		507		
Adyen		5/10	49,969	2,443		
Nexi		10/10	57,741	1,167	49,927	664
HBM Healthcare Investments		1/10				
IDI		1/10				
Wise		1/10				
EdenRed		4/10	53,334	7,427	32,312	467
Vivendi		7/10	169	47,038		33,269
Deutsche Boerse		10/10	275,915	3,989	74,633	22
Porsche		1/10				
Bouygues		2/10	30,772,800	2,240,000	1,000,000	
GBL		4/10		200		
Investor		6/10	3,967	88		
Hal Trust		1/10				
Heineken Holding		7/10	25,458,200	1,516,000	92,800,000	4,352,600
London Stock Exchange Group		3/10	247,635	16,949	98,077	822
Eurazeo		6/10	10,062,709	790,076	37,181,108	41,600
Industrivärden		4/10		24		
Corporacion Financiera Alba		10/10	23,883	3,090	31,064	7,469
Kinnevik Investment		4/10		17		
Sonae		9/10	2,705,233	163,306	1,861,481	95,556
Ackermans & van Haaren		1/10		629	811	
Partners Group		3/10		762,066	723,061	
Exor		1/10				
Bolloré		10/10	1,017,954	395,260	1,484,073	31,710
Wendel		4/10		101		
MPC Capital		1/10				
Deutsche Beteiligungs AG		4/10		210		
VIEL & Cie		1/10				
Picanol		1/10				
Amundi		10/10	76,511	3,821	21,476	189
Euronext NV		4/10	41,151	2,130	253,892	

IDI (Buy)

Worldline		10/10	301,172	4,721	81,668	201
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Social

AlphaValue's automated Social scoring is not applicable to IDI, given that several data inputs necessary for the computation of the Social score do not pertain nor apply to holding company-type structures such as IDI.

Social score

Company (Sector)

3.1

 (5.8)

Quantitative metrics (67%)

Set of staff related numerical metrics available in AlphaValue proprietary modelling aimed at ranking on social/HR matters

Parameters	Score	Weight
Staffing Trend	5/10	20%
Average wage trend	1/10	35%
Share of added value taken up by staff cost	1/10	25%
Share of added value taken up by taxes	1/10	20%
Wage dispersion trend	0/10	0%
Pension bonus (0 or 1)	0	
Quantitative score	1.8/10	100%

Qualitative metrics (33%)

Set of listed qualitative criterias and for the analyst to tick

Parameters	Score	Weight
Accidents at work	10/10	25%
Human resources development	5/10	35%
Pay	0/10	20%
Job satisfaction	3/10	10%
Internal communication	10/10	10%
Qualitative score	5.6/10	100%

AlphaValue analysts tick boxes on essential components of the social/HR corporate life. Decision about ticking Yes or No is very much an assessment that combines the corporate's communication on relevant issue and the analyst's better judgment from experience.

Qualitative score

Parameters	Yes ✓ / No ✗	Weight
Accidents at work		25%
Set targets for work safety on all group sites?	✓	10.0%
Are accidents at work declining?	✓	15.0%
Human resources development		35%
Are competences required to meet medium term targets identified?	✓	3.5%
Is there a medium term (2 to 5 years) recruitment plan?	✗	3.5%
Is there a training strategy tuned to the company objectives?	✗	3.5%
Are employees trained for tomorrow's objectives?	✗	3.5%
Can all employees have access to training?	✗	3.5%
Has the corporate avoided large restructuring lay-offs over the last year to date?	✓	3.5%
Have key competences stayed?	✓	3.5%
Are managers given managerial objectives?	✓	3.5%
If yes, are managerial results a deciding factor when assessing compensation level?	✓	3.5%
Is mobility encouraged between operating units of the group?	✗	3.5%
Pay		20%
Is there a compensation committee?	✗	6.0%
Is employees' performance combining group AND individual performance?	✗	14.0%
Job satisfaction		10%
Is there a measure of job satisfaction?	✗	3.3%
Can anyone participate ?	✓	3.4%
Are there action plans to prop up employees' morale?	✗	3.3%
Internal communication		10%
Are strategy and objectives made available to every employee?	✓	10.0%
Qualitative score	5.6/10	100.0%

Staff & Pension matters

IDI's portfolio holdings have never been consolidated, hence staff costs are limited to the holding company and its 14 employees (as of 2021). Staff expenses amounted to €1.97m in 2020.

Recent updates

17/03/2022

FY21: IDI displays strong NAV progression, excellent dividend pay-out

Earnings/sales releases

IDI reported solid NAV growth of +28% yoy, boosted by a very active 2021 in terms of deal flow. This strong dynamic has been accompanied by an improvement in shareholder remuneration with an excellent total dividend pay-out of €3.40 per share. Regarding the current geopolitical environment, IDI's cautious valuation profile and a lower leverage at the underlying company level versus PE peers should result in a portfolio that is less vulnerable to external shocks, supporting a resilient outlook for the group.

Fact

Key FY21 figures

- IDI's NAV rose by 28.2% yoy to €612m at the close of FY21. The NAV per share stood at €82.2 (37% discount to NAV based on the current share price).
- The net result (group share) came in at €126m in FY21, substantially above the €32m reported the year prior.
- Based on the strong results, IDI will propose an ordinary dividend of €2.30 per share, which stands above our €2.10 estimate. Moreover, the company has already paid out an extraordinary dividend of €1.10 per share, amounting to a total pay-out of €3.40 per share.
- The company's total liquidity position amounted to €148m at the close of 2021, rising from €124m the year before.

Analysis

Strong performance that supports increased shareholder returns

IDI's investment activity was strongly dynamic in 2021 with 16 transactions exceeding a total value of €300m, of which €140m in capital deployed (new investments and build-ups) and €172m in disposals, achieving an average exit multiple of 3.25x, moreover, the IRR of the realised exits exceeded 30%, a solid execution that should accompany increased shareholder returns. The strong dynamic in the investment activity has historically supported special dividend pay-outs to shareholders, as seen in 2018 (following the disposal of Albingia at very favourable terms) and now in 2021.

Based on the total €3.40 per share pay-out, the dividend yield stands at a notable 6.3% (based on the current share price), substantially above the 2.3% average yield among our holding company coverage.

Following a very active 2021, IDI pursues the strong momentum in 2022, having announced four deals already: the Culturespaces acquisition aforementioned, two build-up transaction involving Newlife and Dubbing Brothers, and a new strategic investment (currently in exclusive negotiations) for the company that would see IDI expanding its portfolio into third-party asset

management through a minority stake in Omnes, a major alternative asset management player in France with over €5.0bn in AUM.

Solid financial standing to affront challenges

The liquidity position at the close of 2021 provide IDI with plenty of financial flexibility to pursue new investment opportunities in 2022 as well as absorb external shocks in view of the volatile geopolitical environment. Obviously, the visibility for 2022 has been affected by the Ukraine-Russia war.

However, IDI's cautious valuation profile should result in a NAV that is less vulnerable to drastic adjustments in times of crisis. In addition, the leverage of the underlying companies of 2.9x is sensibly below those of other PE players; IDI prioritises nourishing the growth of its investee companies rather than resorting to increased leverage to quickly boost returns, which should support their resilience in spite of increased market volatility.

Regarding the current geopolitical environment, IDI comments that the impact from the Ukraine-Russia war and its ripple effects on the global economy cannot be accurately assessed at this point. Nonetheless, the company notes that its holdings have little overall exposure to the conflict zones, hence any potential impact is likely to stem from the wider macro-economic effects on the French and overall European economy. Two holdings are directly impacted by the ongoing conflict; one of them very modestly and the other one in a more significant manner. Nonetheless, in overall terms, the direct impact on the portfolio is quite subdued.

Governance changes

IDI will propose the appointment of Cyrille Chevrillon, CEO of Groupe Chevrillon, as the new member of the Supervisory Board. As a reminder, IDI has partnered with Groupe Chevrillon in several deals, most recently for the acquisition of Culturespaces (announced in January 2022). Both companies share an engaged and entrepreneurial investment DNA and a flexible approach not subject to the time constraints of most PE funds.

Making progress on the ESG path

On the ESG front, IDI is raising its engagement in the integration of ESG criteria through the investment selection process and the management of the portfolio companies, for this, the company has established a dedicated ESG committee chaired by H el ene Molinari, and is expected to sign the UN's PRI pact to confirm its commitment.

Impact

While IDI has not undertaken major revisions to the valuation of the underlying companies, listed peer group multiples are likely to contract following the recent market correction. We will be incorporating the FY21 figures into our model and roll forward our estimates until 2024. The solid FY21 results continue to support our positive stance on the stock.

17/01/2022

Kicks off 2022 with investment in digital art museums

Significant news

Jointly with the group Chevrillon, IDI is buying into digital art museums and exhibitions by acquiring Culturespaces from Engie. A key player in a digitally-led market that is revolutionising art exhibitions and allowing larger audiences to experience artwork by famous painters.

Fact

- The consortium (IDI and group Chevrillon) will be acquiring Engie's 86.1% stake in the company, and joint founder and CEO of Culturespaces, Bruno Monnier.
- Founded in 1990, Culturespaces has become a key player in the digital art museum and exhibitions market.
- IDI has not disclosed the financial terms of the transaction. The deal is expected to close in Spring 2022.

Analysis

IDI is kicking off the year with a first acquisition in the digital art space, joined by PE fund Chevrillon. Culturespaces, a Paris-based firm that counts 30+ years of experience in the management of monuments, museums and art centres, and which has more recently pivoted towards the design and creation of 'immersive' digital art exhibitions, such as the *Atelier des Lumières* opened in Paris in 2018. This most recent acquisition fully ascribes to IDI's investment focus on digitally-led businesses.

With the consortium acquiring the 86.1% stake held by Engie, which is executing its strategic refocusing plan, IDI gains exposure to an innovative business with high growth potential. For example, the *Ateliers des Lumières*, which hosts digital exhibits of famous painters such as Van Gogh, Klimt and Picasso, welcomed 1.4m visitors in 2019; the most recent figures are approaching their pre-pandemic levels. The company reported revenues of €72.3m in 2019.

With three new art centres to be opened in New York, Amsterdam and Seoul, Culturespaces is expanding internationally, which is expected to accelerate with the entry of IDI as a shareholder. Not constrained by the same logistics of a traditional art exhibition, such as the transport and surveillance of valuable art pieces, the business model is in principle highly profitable, which is further supported by ticket prices (€16 per person) being similar to those of top-tier museums such as the Musée du Louvre and Musée d'Orsay.

20/12/2021

IDI concludes busy investment year with Ekosport acquisition

Latest

Ekosport, a sports equipment and apparel multi-channel distributor, becomes the newest addition to IDI's high-growth and digitally-led portfolio assets through a primary LBO that sees IDI acquiring a reference minority stake in the company. This latest deal closes a very busy year for IDI, with 15 transactions realised over 2021.

Fact

- IDI has announced the investment in Ekosport along with the Frasteya holding company and Ekosport's management team.
- IDI will be obtaining a reference minority stake of around 30% in Ekosport, supporting the company in its organic and acquired growth ambitions in the sports apparel market.
- Ekosport, based in the Auvergne-Rhône-Alpes region, counts nine stores and two e-commerce platforms through which it distributes over 25,000 product references in the outdoor sports segment.
- The companies did not disclose the financial terms of the deal.

Analysis

IDI is making its first entry in the sports equipment and apparel sector with Ekosport. We see this novel exposure as a positive development for the HoldCo, as this market fully adheres to the high-growth + a strong digital component investment focus. Ekosport is particularly well positioned in the outdoor sports equipment and apparel segment, with a large product offering serving both summer and winter sports' customer needs.

Ekosport's multi-channel strategy should provide plenty of organic growth opportunities, with its retail presence in the Auvergne-Rhône-Alpes region leveraging the wide offer of hiking trails, natural parks and ski stations, while its two e-commerce platforms, [ekosport.fr](https://www.ekosport.fr) and [achat-ski.com](https://www.achat-ski.com), allow the company to serve the greater French and European markets.

The sports equipment and apparel market is particularly attractive as the increase in health awareness, the rising popularity of fitness and the growth in disposable income in developing countries is set to boost consumer demand in the coming years. The online retail component is also a major growth driver for the industry, with Ekosport already showing promising progress in this regard, with almost a third of its €80m revenues coming from international markets through its e-commerce websites, making it a leading player in the distribution of outdoor sports equipment and apparel in Europe.

With the support of IDI, Ekosport will embark on an external growth path, consolidating the market through the acquisition of new retail locations and online platforms, while continuing to show strong embedded growth in line with the underlying trends that support the sports equipment and apparel market.

25/11/2021**IDI's tech-SPAC enters negotiations with French B2C parcel delivery frontrunner Colis Privé**

Latest

DEE Tech, a SPAC that counts with IDI as sponsor and investor, has entered into exclusive talks with Colis Privé, one of the leaders in business-to-consumer parcel delivery for e-merchants in France. This potential deal confirms the attractiveness of DEE Tech as the first tech SPAC in France and is a welcome addition to IDI's growing roster of digitally-native businesses that are supported by strong underlying trends.

Fact

- DEE Tech has entered into exclusive talks with Colis Privé for a merger between both companies, with the combined entity to be listed on the Euronext Paris.
- Colis Privé is the leading private sector parcel delivery operator in France, with an average of 270k packages delivered per day as of the end of June 2021.
- DEE Tech is the first tech-focused SPAC to be listed on the Euronext Paris, at the end of June. Founded by five investors and entrepreneurs, including IDI, the objective was to invest in a high-potential tech company in the fields of digital and e-commerce solutions.

Analysis

Just five months after IDI announced its investment in DEE Tech, the listed acquisition company is on its path to merge with one of the leading firms in the French e-commerce solutions space. Colis Privé is a recognised player in this fast-growing market, counting Amazon as one of its key customers in addition to more than 200 e-merchants.

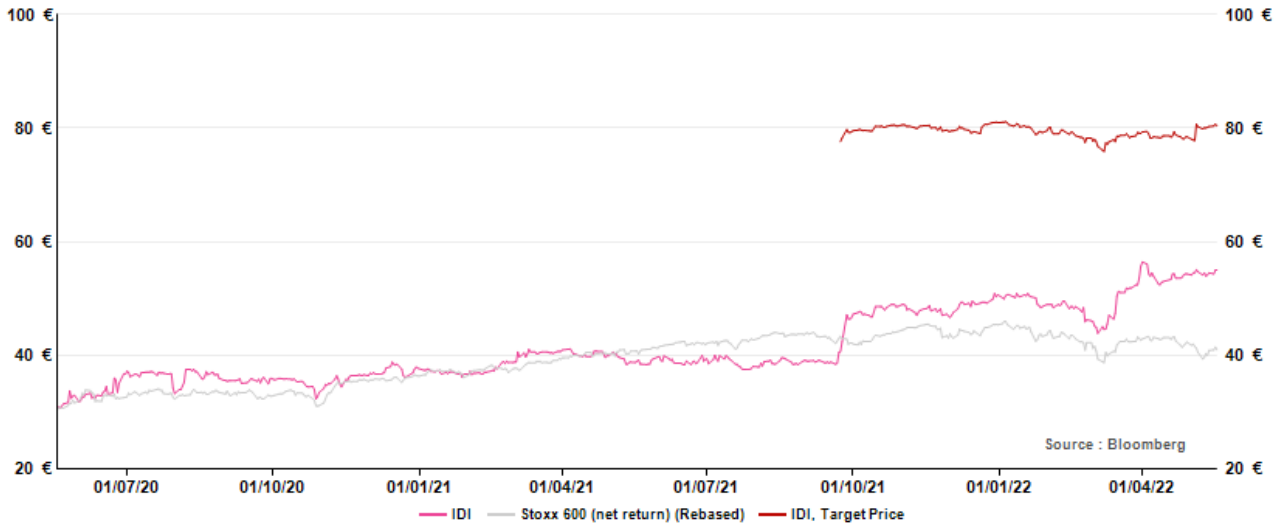
Colis Privé reported revenues of €234m in FY20, up +46% yoy, and realised EBITDA of €22m, up +95% yoy. The company has made significant profitability gains over the past three years, with its recurring EBITDA margin increasing from 1.2% to 10.1% LTM at the close of June 2021. In terms of cash generation, the group boasts of strong cash conversion of c.90% of EBITDA as of 2020.

Regarding the financial terms of the deal, the proposed transaction is based on an equity value of Colis Privé of €550m. The existing shareholders of the target company would transfer 100% of the outstanding shares to DEE Tech in exchange for €330m in new shares in the SPAC and €220m in cash. As a reminder, back in June, DEE Tech raised €165m in a private placement from investors, including "up to" €15m contributed by IDI. To fund the transaction, the remainder will be financed through an estimated €50-80m PIPE investment (private investment in public equity), with the final amount being subject to increased redemption requests.

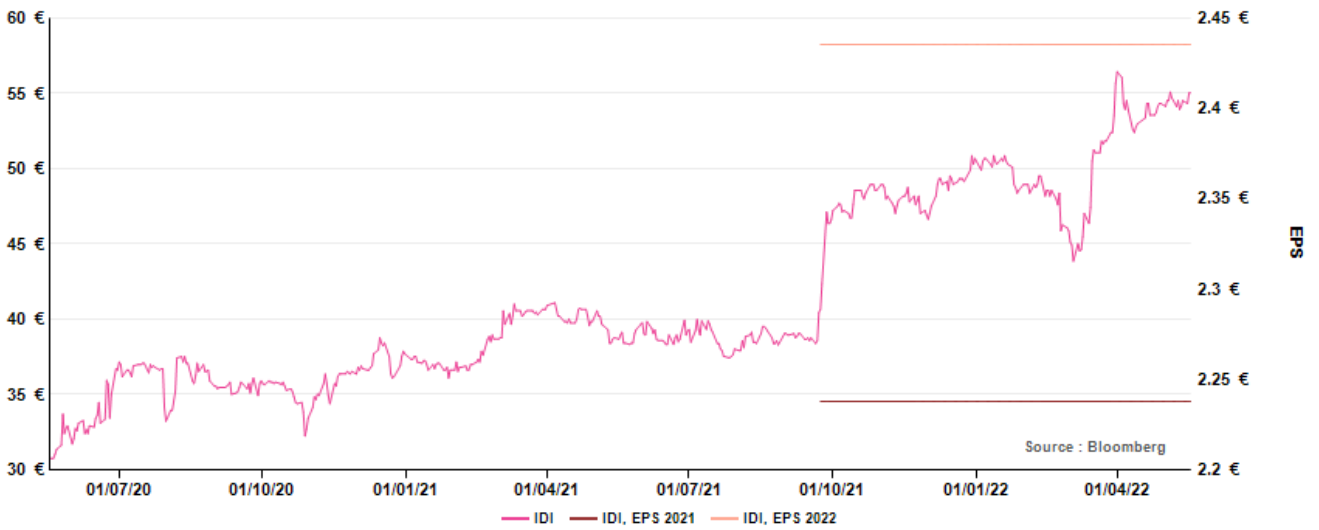
The SPAC reverse merger would support Colis Privé in expanding its business in and outside of France, leveraging the expertise and network of the DEE Tech team in the European tech space, which includes serial tech entrepreneur and founder Marc Menasé, as well as top executives from e-retailer Veepee and IDI's managing partner Julien Bentz.

For IDI, this is an attractive entry into the portfolio, as it is an asset that benefits from the strong underlying trends behind e-commerce, supporting NAV growth ambitions.

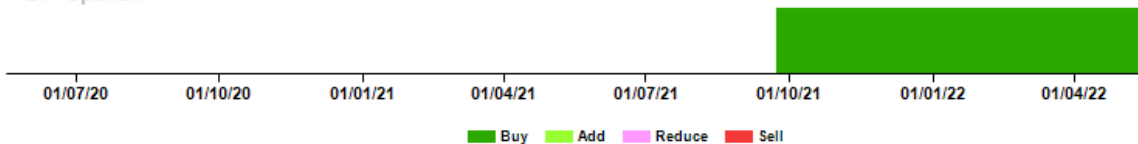
Stock Price and Target Price



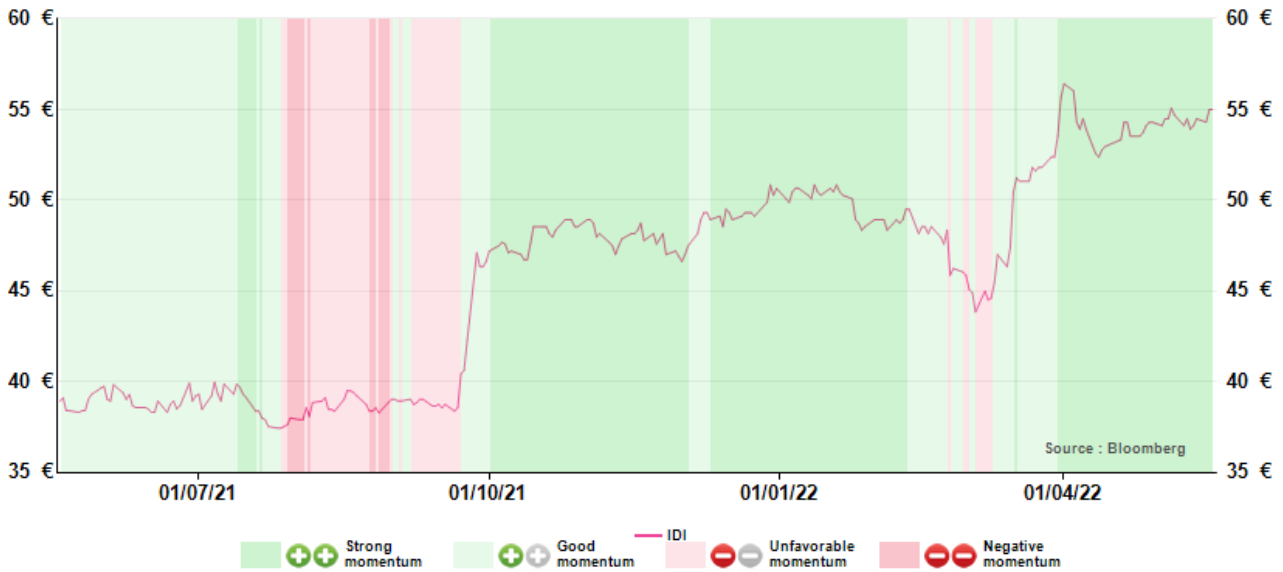
Earnings Per Share & Opinion



IDI : Opinion



Momentum





Momentum analysis consists in evaluating the stock market trend of a given financial instrument, based on the analysis of its trading flows.


The main indicators used in our momentum tool are simple moving averages over three time frames: short term (20 trading days), medium term (50 days) and long term (150 days). The positioning of these moving averages relative to each other gives us the direction of the flows over these time frames.


For example, if the short and medium-term moving averages are above the long-term moving average, this suggests an uptrend which will need to be confirmed. Attention is also paid to the latest stock price relative to the three moving averages (advance indicator) as well as to the trend in these three moving averages - downtrend, neutral, uptrend - which is more of a lagging indicator.

The trend indications derived from the flows through moving averages and stock prices must be confirmed against trading volumes in order to confirm the signal. This is provided by a calculation based on the average increase in volumes over ten weeks together with a buy/sell volume ratio.

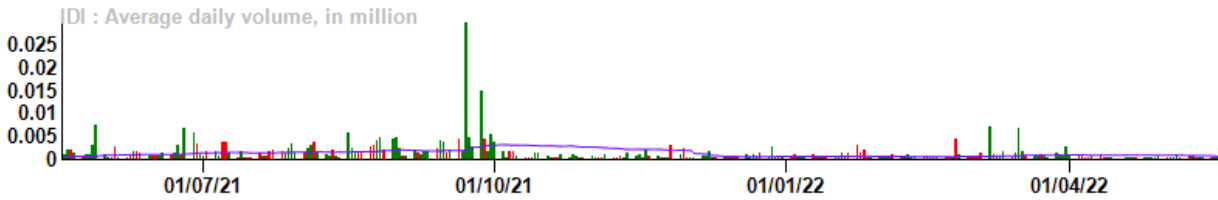
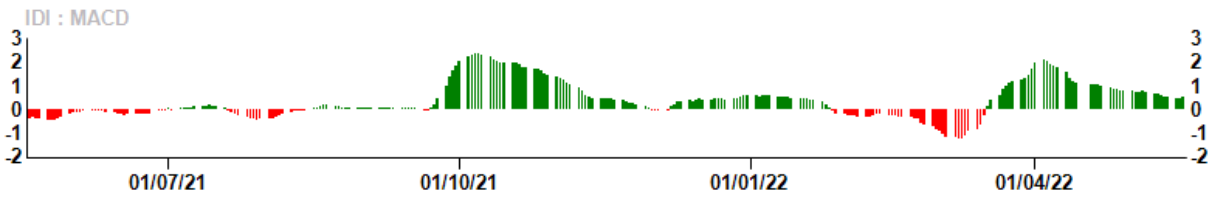
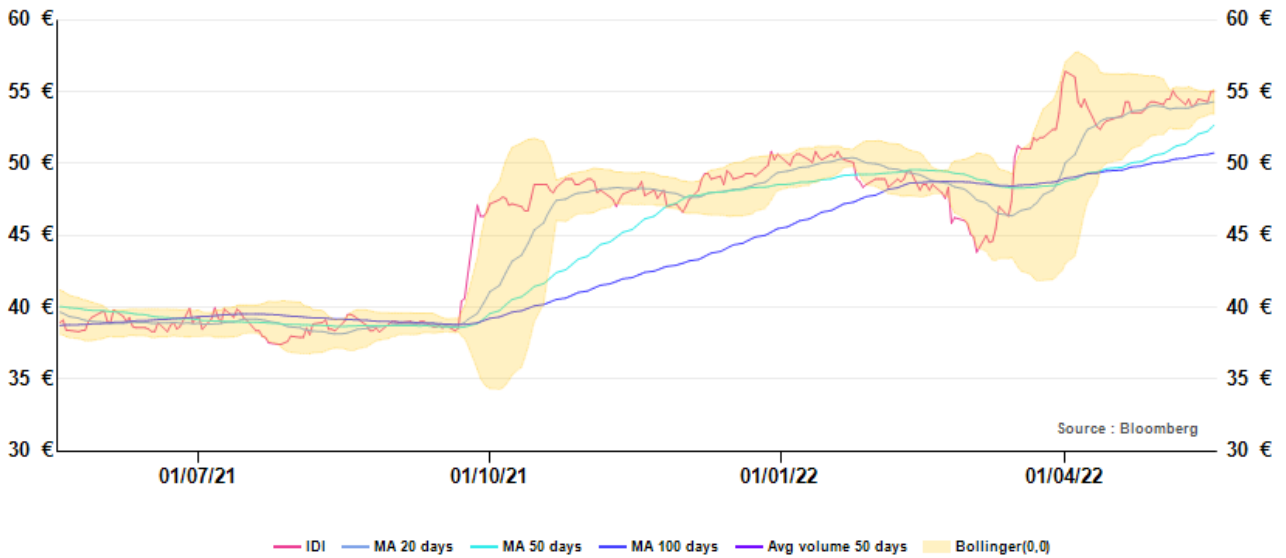
 : Strong momentum corresponding to a continuous and overall positive moving average trend confirmed by volumes

 : Relatively good momentum corresponding to a positively-oriented moving average, but offset by an overbought pattern or lack of confirmation from volumes

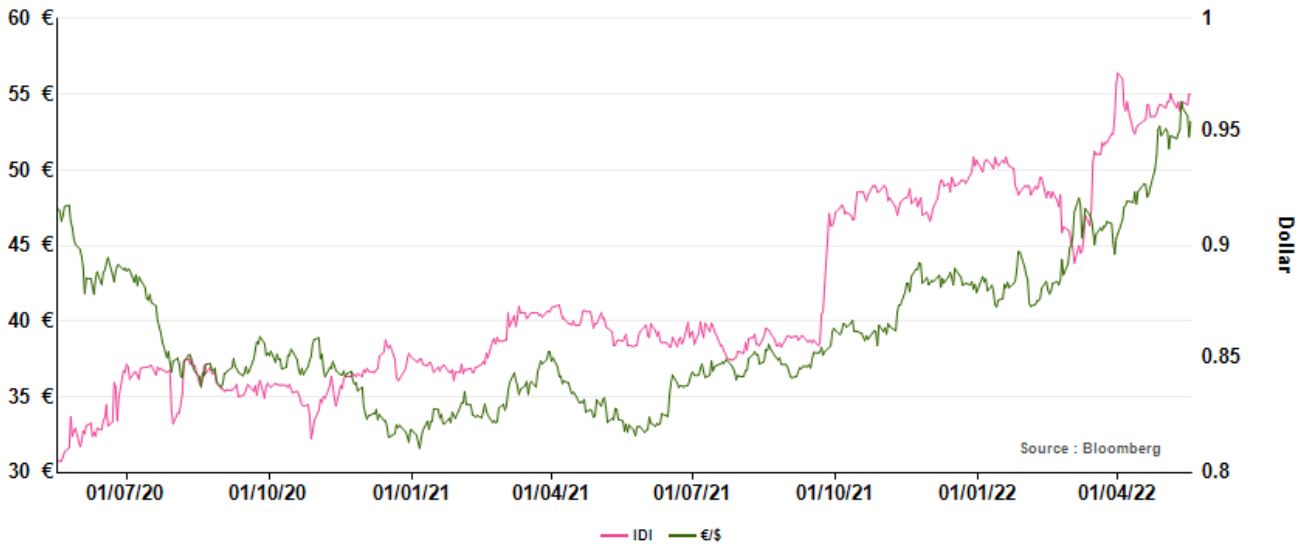
 : Relatively unfavorable momentum with a neutral or negative moving average trend, but offset by an oversold pattern or lack of confirmation from volumes

 : Strongly negative momentum corresponding to a continuous and overall negative moving average trend confirmed by volumes

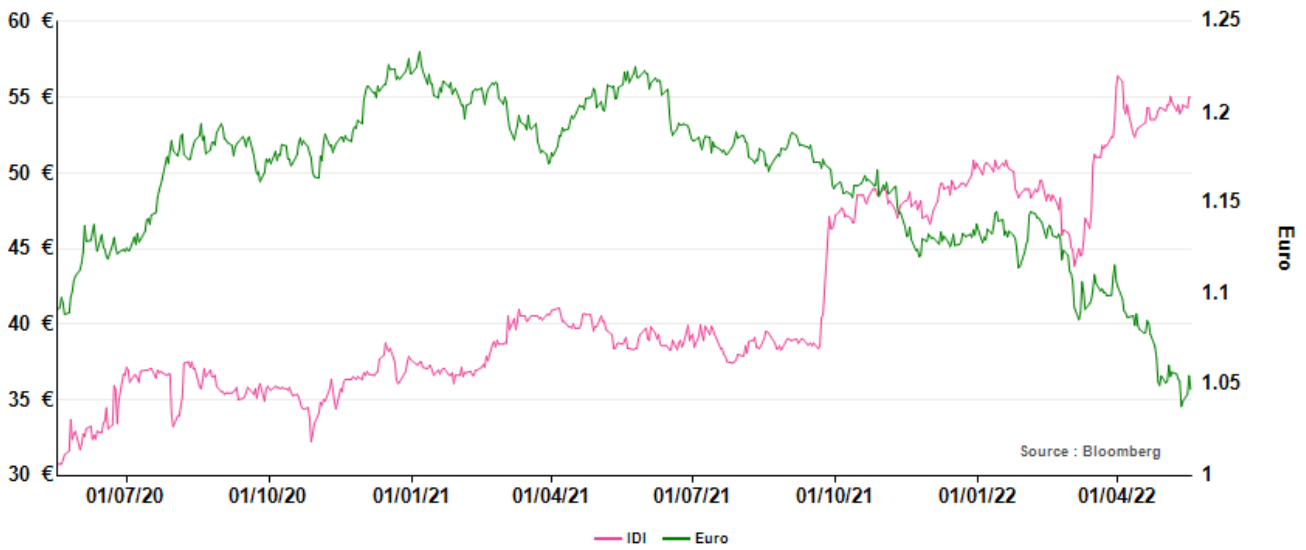
Moving Average MACD & Volume



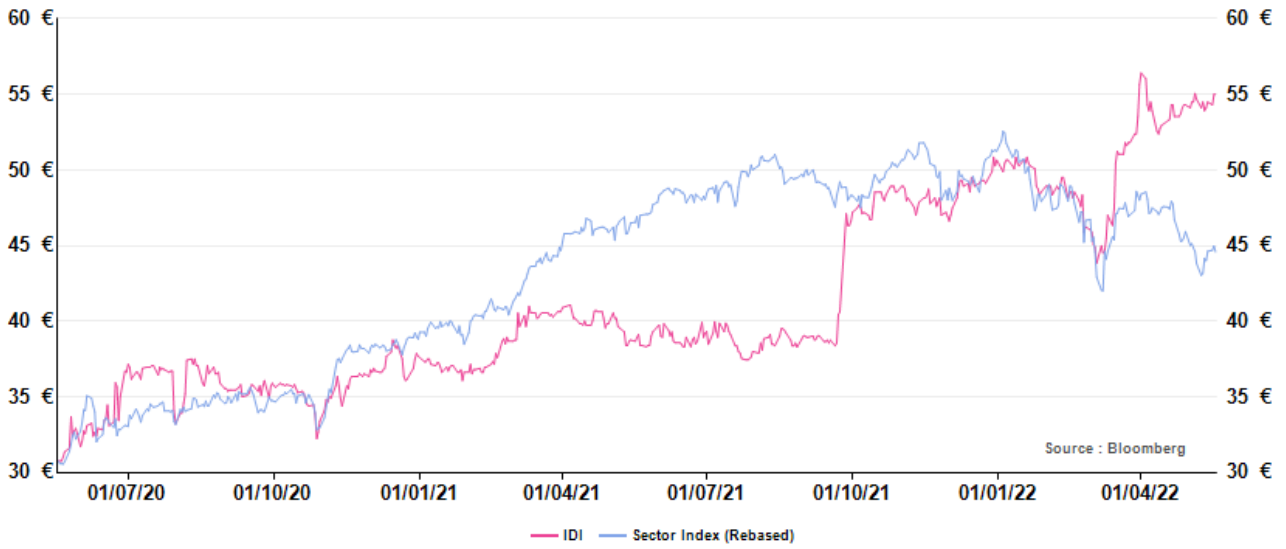
€/\$ sensitivity



Euro sensitivity



Sector Other Financials



Detailed Financials

Valuation Key Data		12/20A	12/21E	12/22E	12/23E
Adjusted P/E	x	13.2	20.0	22.6	21.4
Reported P/E	x	13.3	20.0	22.6	21.4
EV/EBITDA(R)	x	14.1	13.4	8.96	8.72
EV/EBIT	x	14.2	13.1	8.75	8.51
EV/Sales	x	-64.4	-51.5	-34.4	-33.4
P/Book	x	0.56	0.59	0.73	0.73
Dividend yield	%	5.03	4.68	3.82	3.82
<i>Free cash flow yield</i>	%	-8.91	-2.64	-6.57	-6.83
Average stock price	€	39.8	44.8	55.0	55.0

Consolidated P&L

		12/20A	12/21E	12/22E	12/23E
Sales	€th	3,880	4,851	4,900	5,145
<i>Sales growth</i>	%	45.3	25.0	1.00	5.00
<i>Sales per employee</i>	€th	298	347	350	367
Purchases and external costs (incl. IT)	€th	-2,951	-3,099	-3,130	-3,286
Staff costs	€th	-1,976	-2,075	-2,116	-2,159
Operating lease payments	€th				
Cost of sales/COGS (indicative)	€th				
EBITDA	€th	-17,714	-18,600	-18,786	-19,725
EBITDA(R)	€th	-17,714	-18,600	-18,786	-19,725
<i>EBITDA(R) margin</i>	%	-457	-383	-383	-383
<i>EBITDA(R) per employee</i>	€th	-1,363	-1,329	-1,342	-1,409
Depreciation	€th	-441	-463	-468	-491
<i>Depreciations/Sales</i>	%	11.4	9.54	9.54	9.54
Amortisation	€th				
Additions to provisions	€th	0.00	0.00	0.00	0.00
Reduction of provisions	€th	515	0.00	0.00	0.00
Underlying operating profit	€th	-17,640	-19,063	-19,253	-20,216
<i>Underlying operating margin</i>	%	-455	-393	-393	-393
Other income/expense (cash)	€th				
Other inc./ exp. (non cash; incl. assets revaluation)	€th	39,572 ⁽²⁾	43,529 ⁽²⁾	45,706 ⁽²⁾	47,991 ⁽²⁾
Impairment charges/goodwill amortisation	€th				
Operating profit (EBIT)	€th	21,932	24,466	26,452	27,775
Interest expenses	€th	-1,499	-1,574	-1,574	-1,574
<i>of which effectively paid cash interest expenses</i>	€th	-1,499			
Financial income	€th				
Other financial income (expense)	€th	-382	-382	-382	-382
Net financial expenses	€th	-1,881	-1,956	-1,956	-1,956
<i>of which related to pensions</i>	€th		0.00	0.00	0.00
Pre-tax profit before exceptional items	€th	20,051	22,511	24,496	25,819
Exceptional items and other (before taxes)	€th				
Current tax	€th	404	-6,303	-6,859	-7,229
Deferred tax	€th	1,267	0.00	0.00	0.00
Corporate tax	€th	1,671	-6,303	-6,859	-7,229
<i>Tax rate</i>	%	-8.33	28.0	28.0	28.0
<i>Net margin</i>	%	560	334	360	361
Equity associates	€th				
<i>Actual dividends received from equity holdings</i>	€th				
Minority interests	€th				
Income from discontinued operations	€th				
Attributable net profit	€th	21,722	16,208	17,637	18,590
Impairment charges/goodwill amortisation	€th	0.00	0.00	0.00	0.00
Other adjustments	€th				
Adjusted attributable net profit	€th	21,722	16,208	17,637	18,590
Fully diluted adjusted attr. net profit	€th	21,722	16,208	17,637	18,590
NOPAT	€th	15,352	17,127	18,517	19,442

2. Corresponds to realised and unrealised changes to the fair value of financial assets.

Cashflow Statement

		12/20A	12/21E	12/22E	12/23E
EBITDA	€th	-17,714	-18,600	-18,786	-19,725
Change in WCR	€th	-2,867	18,295	1,445	1,738
<i>of which (increases)/decr. in receivables</i>	€th	397	-131	-27.6	55.7
<i>of which (increases)/decr. in inventories</i>	€th		0.00	0.00	0.00
<i>of which increases/(decr.) in payables</i>	€th	-1,523	18,263	1,438	1,510
<i>of which increases/(decr.) in other curr. liab.</i>	€th	-1,741	163	34.3	173
Actual dividends received from equity holdings	€th	0.00	0.00	0.00	0.00
Paid taxes	€th	-1,671	-6,303	-6,859	-7,229
Exceptional items	€th	0.00			
Other operating cash flows	€th	-1,499			
Total operating cash flows	€th	-23,751	-6,608	-24,200	-25,216
Capital expenditure	€th	-24.0	-24.0	-24.0	-24.0
<i>Capex as a % of depreciation & amort.</i>	%	5.44	5.18	5.13	4.89
Net investments in shares	€th	11,138	30,000	25,000	15,000
Other investment flows	€th	3,342 ⁽³⁾	3,509 ⁽³⁾	3,544 ⁽³⁾	3,721 ⁽³⁾
Total investment flows	€th	14,456	33,485	28,520	18,697
Net interest expense	€th	-1,881	-1,956	-1,956	-1,956
<i>of which cash interest expense</i>	€th	-1,499	-1,956	-1,956	-1,956
Dividends (parent company)	€th	-12,453	-14,485	-15,210	-15,210
Dividends to minorities interests	€th	0.00	0.00	0.00	0.00
New shareholders' equity	€th	0.00			
<i>of which (acquisition) release of treasury shares</i>	€th				
(Increase)/decrease in net debt position	€th	15,019	0.00	0.00	0.00
Other financial flows	€th	-574	-603	-609	-639
Total financial flows	€th	493	-17,044	-17,774	-17,805
Change in cash position	€th	-8,802	9,833	-13,454	-24,323
Change in net debt position	€th	-23,821	9,833	-13,454	-24,323
Free cash flow (pre div.)	€th	-25,656	-8,588	-26,180	-27,196
Operating cash flow (clean)	€th	-23,751	-6,608	-24,200	-25,216
<i>Reinvestment rate (capex/tangible fixed assets)</i>	%	3.63	3.45	3.42	3.26

3. Includes dividends from investee companies.

Balance Sheet

		12/20A	12/21E	12/22E	12/23E
Goodwill	€th				
Total intangible	€th	0.00	0.00	0.00	0.00
Tangible fixed assets	€th	662	695	702	737
Right-of-use	€th	1,923	1,904	1,904	1,904
Financial fixed assets (part of group strategy)	€th	531,341 ⁽⁴⁾	557,908 ⁽⁴⁾	563,487 ⁽⁴⁾	591,661 ⁽⁴⁾
Other financial assets (investment purpose mainly)	€th				
WCR	€th	-11,133	-29,428	-30,873	-32,611
<i>of which trade & receivables (+)</i>	€th	2,625	2,756	2,784	2,728
<i>of which inventories (+)</i>	€th				
<i>of which payables (+)</i>	€th	10,496	28,759	30,197	31,707
<i>of which other current liabilities (+)</i>	€th	3,262	3,425	3,459	3,632
Other current assets	€th	4,622	22,350	22,350	22,350
<i>of which tax assets (+)</i>	€th				
Total assets (net of short term liabilities)	€th	527,415	553,429	557,570	584,041
Ordinary shareholders' equity (group share)	€th	518,395	554,445	545,092	547,036
Minority interests	€th	8.00	8.00	8.00	8.00
Provisions for pensions	€th	399	0.00	0.00	0.00
Other provisions for risks and liabilities	€th	3,834	4,026	4,066	4,269
Deferred tax liabilities	€th	2,506	2,506	2,506	2,506
Other liabilities	€th	11,318	11,318	11,318	11,318
Net debt / (cash)	€th	-9,040 ⁽¹⁾	-18,873 ⁽¹⁾	-5,419 ⁽¹⁾	18,904 ⁽¹⁾
Total liabilities and shareholders' equity	€th	527,420	553,429	557,570	584,041
Average net debt / (cash)	€th	-19,841	-13,957	-12,146	6,742

4. Adjusted by the fair value of liquid assets which we include in the calculation of the net debt/cash position, as these assets can be easily mobilised to service financial debts.

1. Includes all current and non-current financial debt minus cash, short-term placements, as well as the fair value of liquid assets, which historically averages at c.20% of the total portfolio.

EV Calculations

		12/20A	12/21E	12/22E	12/23E
EV/EBITDA(R)	x	14.1	13.4	8.96	8.72
EV/EBIT	x	14.2	13.1	8.75	8.51
EV/Sales	x	-64.4	-51.5	-34.4	-33.4
EV/Invested capital	x	-0.48	-0.47	-0.32	-0.31
Market cap	€th	288,050	324,730	398,347	398,347
+ Provisions (including pensions)	€th	4,233	4,026	4,066	4,269
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00	0.00
+ Net debt at year end (ex Right-of-use from 2019)	€th	-10,963	-20,777	-7,323	17,000
+ Right-of-use (from 2019)/Leases debt equivalent	€th	0.00	0.00	0.00	0.00
- Financial fixed assets (fair value) & Others	€th	531,341	557,908	563,487	591,661
+ Minority interests (fair value)	€th	8.00	8.00	8.00	8.00
= Enterprise Value	€th	-250,013	-249,921	-168,389	-172,037

Per Share Data

		12/20A	12/21E	12/22E	12/23E
Adjusted EPS (bfr goodwill amort. & dil.)	€	3.00	2.24	2.44	2.57
<i>Growth in EPS</i>	%	12.7	-25.5	8.82	5.40
Reported EPS	€	3.00	2.24	2.44	2.57
Net dividend per share	€	2.00	2.10	2.10	2.10
Free cash flow per share	€	-3.55	-1.19	-3.61	-3.75
Operating cash flow per share	€	-3.28	-0.91	-3.34	-3.48
Book value per share	€	71.6	76.6	75.3	75.5
Number of ordinary shares	Th	7,243	7,243	7,243	7,243
Number of equivalent ordinary shares (year end)	Th	7,243	7,243	7,243	7,243
Number of shares market cap.	Th	7,243	7,243	7,243	7,243
Treasury stock (year end)	Th				
Number of shares net of treasury stock (year end)	Th	7,243	7,243	7,243	7,243
Number of common shares (average)	Th	7,232	7,243	7,243	7,243
Conversion of debt instruments into equity	Th				
Settlement of cashable stock options	Th				
Probable settlement of non mature stock options	Th				
Other commitments to issue new shares	Th				
Increase in shares outstanding (average)	Th	0.00	0.00	0.00	0.00
Number of diluted shares (average)	Th	7,232	7,243	7,243	7,243
Goodwill per share (diluted)	€	0.00	0.00	0.00	0.00
EPS after goodwill amortisation (diluted)	€	3.00	2.24	2.44	2.57
EPS before goodwill amortisation (non-diluted)	€	3.00	2.24	2.44	2.57
Payout ratio	%	66.7	93.8	86.2	81.8
Capital payout ratio (div +share buy back/net income)	%	66.7	93.8	86.2	

Funding - Liquidity

		12/20A	12/21E	12/22E	12/23E
EBITDA	€th	-17,714	-18,600	-18,786	-19,725
Funds from operations (FFO)	€th	-22,383	-26,859	-27,601	-28,910
Ordinary shareholders' equity	€th	518,395	554,445	545,092	547,036
Gross debt	€th	129,540	129,540	129,540	129,540
o/w Less than 1 year - Gross debt	€th	45,521	45,521	45,521	45,521
o/w 1 to 5 year - Gross debt	€th	84,019	84,019	84,019	84,019
+ Gross Cash	€th	138,580	148,413	134,959	110,636
= Net debt / (cash)	€th	-9,040 ⁽¹⁾	-18,873 ⁽¹⁾	-5,419 ⁽¹⁾	18,904 ⁽¹⁾
Bank borrowings	€th	129,540	129,540	129,540	129,540
Other financing	€th	0.00	0.00	0.00	0.00
Gearing (at book value)	%	-3.83	-2.52	-2.23	1.23
Equity/Total asset (%)	%	98.3	100	97.8	93.7
<i>Adj. Net debt/EBITDA(R)</i>	x	0.51	1.01	0.29	-0.96
<i>Adjusted Gross Debt/EBITDA(R)</i>	x	-7.55	-7.18	-7.11	-6.78
<i>Adj. gross debt/(Adj. gross debt+Equity)</i>	%	20.5	19.4	19.7	19.7
<i>Ebit cover</i>	x	-9.38	-9.75	-9.84	-10.3
<i>FFO/Gross Debt</i>	%	-16.7	-20.1	-20.7	-21.6
<i>FFO/Net debt</i>	%	248	142	509	-153
<i>FCF/Adj. gross debt (%)</i>	%	-19.2	-6.43	-19.6	-20.3
<i>(Gross cash+ "cash" FCF+undrawn)/ST debt</i>	x	2.48	3.07	2.39	1.83
<i>"Cash" FCF/ST debt</i>	x	-0.56	-0.19	-0.58	-0.60

1. Includes all current and non-current financial debt minus cash, short-term placements, as well as the fair value of liquid assets, which historically averages at c.20% of the total portfolio.

ROE Analysis (Dupont's Breakdown)

		12/20A	12/21E	12/22E	12/23E
Tax burden (Net income/pretax pre excp income)	x	1.08	0.72	0.72	0.72
EBIT margin (EBIT/sales)	%	565	504	540	540
Assets rotation (Sales/Avg assets)	%	0.76	0.90	0.88	0.90
Financial leverage (Avg assets /Avg equity)	x	1.00	1.01	1.01	1.05
ROE	%	4.26	3.02	3.21	3.40
ROA	%	-209	-85.2	-87.7	-87.1

Shareholder's Equity Review (Group Share)

		12/20A	12/21E	12/22E	12/23E
Y-1 shareholders' equity	€th	14,321	23,590	554,445	545,092
+ Net profit of year	€th	21,722	16,208	17,637	18,590
- Dividends (parent cy)	€th	-12,453	-14,485	-15,210	-15,210
+ Additions to equity	€th	0.00	0.00	0.00	0.00
<i>o/w reduction (addition) to treasury shares</i>	€th	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
- Unrecognised actuarial gains/(losses)	€th	0.00	0.00	0.00	0.00
+ Comprehensive income recognition	€th		529,132	-11,781	-1,435
= Year end shareholders' equity	€th	23,590	554,445	545,092	547,036

Staffing Analytics

		12/20A	12/21E	12/22E	12/23E
Sales per staff	€th	298	347	350	367
Staff costs per employee	€th	-152	-148	-151	-154
<i>Change in staff costs</i>	<i>%</i>	<i>-62.6</i>	<i>5.00</i>	<i>2.00</i>	<i>2.00</i>
<i>Change in unit cost of staff</i>	<i>%</i>	<i>-62.6</i>	<i>-2.50</i>	<i>2.00</i>	<i>2.00</i>
<i>Staff costs/(EBITDA+Staff costs)</i>	<i>%</i>	<i>-12.6</i>	<i>-12.6</i>	<i>-12.7</i>	<i>-12.3</i>

Average workforce	unit	13.0	14.0	14.0	14.0
Europe	unit	13.0	14.0	14.0	14.0
North America	unit	0.00	0.00	0.00	0.00
South Americas	unit	0.00	0.00	0.00	0.00
Asia	unit	0.00	0.00	0.00	0.00
Other key countries	unit	0.00	0.00	0.00	0.00
Total staff costs	€th	-1,976	-2,075	-2,116	-2,159
Wages and salaries	€th	-1,976	-2,075	-2,116	-2,159
Pension related costs	€th		0.00	0.00	0.00

Divisional Breakdown Of Revenues

		12/20A	12/21E	12/22E	12/23E
Total sales	€th	3,880	4,851	4,900	5,145
PE Europe	€th	2,719	2,855	2,883	3,028
PE Emergents	€th	839	1,426	1,441	1,513
Actifs Liquides	€th	72.0	320	323	339
Other	€th	250	250	253	265

Divisional Breakdown Of Earnings

		12/20A	12/21E	12/22E	12/23E
Dividend contributions Analysis					
PE Emergents	€th	777	1,166	1,177	1,236
Actifs Liquides	€th	72.0	320	323	339
PE Europe	€th	2,673	2,807	2,835	2,976
Other/cancellations	€th	4.00	4.20	4.24	4.45
Total	€th	3,526	4,296	4,339	4,556
Dividend contributions margin	%	90.9	88.6	88.6	88.6

Revenue Breakdown By Country		12/20A	12/21E	12/22E	12/23E
Europe	%	71.2	71.2		
Other	%	28.8	28.8		

ROCE		12/20A	12/21E	12/22E	12/23E
ROCE (NOPAT+lease exp.*(1-tax))/(net) cap employed adjusted	%	2.95	3.24	3.47	3.47
CFROIC	%	-4.93	-1.62	-4.91	-4.86
Goodwill	€th	0.00	0.00	0.00	0.00
Accumulated goodwill amortisation	€th	0.00	0.00	0.00	0.00
All intangible assets	€th	0.00	0.00	0.00	0.00
Accumulated intangible amortisation	€th	0.00	0.00	0.00	0.00
Financial hedges (LT derivatives)	€th	0.00	0.00	0.00	0.00
Capitalised R&D	€th	0.00	0.00	0.00	0.00
Rights of use/ Capitalised leases	€th	0.00	0.00	0.00	0.00
Other fixed assets	€th	662	695	702	737
Accumulated depreciation	€th	0.00	0.00	0.00	0.00
WCR	€th	-11,133	-29,428	-30,873	-32,611
Other assets	€th	531,341	557,908	563,487	591,661
Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00	0.00
Capital employed after deprec. (Invested capital)	€th	520,870	529,175	533,317	559,788
Capital employed before depreciation	€th	520,870	529,175	533,317	559,788

Divisional Breakdown Of Capital Employed		12/20A	12/21E	12/22E	12/23E
PE Emergents	€th				
Actifs Liquides	€th				
PE Europe	€th				
Other	€th	520,870	529,175	533,317	559,788
Total capital employed	€th	520,870	529,175	533,317	559,788

Fundamental Opinion

It is implicit that recommendations are made in good faith but should not be regarded as the sole source of advice.

Recommendations are geared to a “value” approach.

Valuations are computed from the point of view of a **secondary market minority holder** looking at a medium term (say 6 months) performance.

Valuation tools are built around the concepts of **transparency**, all underlying figures are accessible, and **consistency**, same methodology whichever the stock, allowing for differences in nature between financial and non financial stocks. A stock with a target price below its current price should not and will not be regarded as an Add or a Buy.

Recommendations are based on target prices with no allowance for dividend returns. The thresholds for the four recommendation levels may change from time to time depending on market conditions. Thresholds are defined as follows, ASSUMING long risk free rates remain in the 2-5% region.

Recommendation	Low Volatility 10 < VIX index < 30	Normal Volatility 15 < VIX index < 35	High Volatility 35 < VIX index
Buy ●	More than 15% upside	More than 20% upside	More than 30% upside
Add ●	From 5% to 15%	From 5% to 20%	From 10% to 30%
Reduce ●	From -10% to 5%	From -10% to 5%	From -10% to 10%
Sell ●	Below -10%	Below -10%	Below -10%

There is deliberately no “neutral” recommendation. The principle is that there is no point investing in equities if the return is not at least the risk free rate (and the dividend yield which again is not allowed for).

Although recommendations are automated (a function of the target price whenever a new equity research report is released), the management of AlphaValue intends to maintain global consistency within its universe coverage and may, from time to time, decide to change global parameters which may affect the level of recommendation definitions and /or the distribution of recommendations within the four levels above. For instance, lowering the risk premium in a gloomy context may increase the proportion of positive recommendations.

Valuation

Valuation processes have been organized around transparency and consistency as primary objectives.

Stocks belong to different categories that recognise their main operating features : Banks, Insurers and Non Financials.

Within those three universes, the valuation techniques are the same and in relation to the financial data available.

The weighting given to individual valuation techniques is managed centrally and may be changed from time to time. As a rule, all stocks of a similar profile are valued using equivalent weighting of the various valuation techniques. This is for obvious consistency reasons.

Within the very large universe of Non Financials, there are in effect 4 sub-categories of weightings to cater for subsets: 1) 'Mainstream' stocks; 2) 'Holding companies' where the stress is on NAV measures; 3) 'Growth' companies where the stress is on peer based valuations; 4) 'Loss making sectors' where peers review is essentially pointing nowhere (ex: Bio techs). The bulk of the valuation is then built on DCF and NAV, in effect pushing back the time horizon.

Valuation Issue	Normal industrials	Growth industrials	Holding company	Loss runners	Bank	Insurers
DCF	35%	35%	10%	40%	0%	0%
NAV	20%	20%	55%	40%	50%	15%
PE	10%	10%	10%	5%	10%	20%
EV/EBITDA	20%	20%	0%	5%	0%	0%
Yield	10%	10%	20%	5%	10%	15%
Book	5%	5%	5%	5%	10%	10%
Banks' intrinsic method	0%	0%	0%	0%	10%	0%
Embedded Value	0%	0%	0%	0%	0%	40%
Mkt Cap/Gross Operating Profit	0%	0%	0%	0%	10%	0%