



SFPI

Misc. Bldg & Construct Prod / France

Robust funding, promises in locks & safety

Family industry conglomerate sees growth in safety - 27/05/2020

Change in Target Price

€ 2.60 vs 3.17	-17.8%
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Our target price is mechanically cut by allowing for a c. 23% drop in 2020 revenues and a best guess at zero profits. The small industrial conglomerate entered the COVID-19 crisis with a very strong balance sheet and a cool-headed owner and CEO. It should rebound as quickly as its underlying markets, notably the promising security/safety ones.

Change in EPS

2020 : € 0.00 vs 0.21	-98.5%
2021 : € 0.16 vs 0.25	-35.1%

2020 earnings reflect the fact that a near 25% drop in revenue cannot help absorb fixed costs. We see only a partial recovery in 2021.

Change in DCF

€ 2.66 vs 3.86	-31.2%
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Our DCF is impacted by postponed growth and slower long-term expectations. The long-term growth expectations do not allow for a widening of EBITDA margins in rather competitive industries.



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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 : 108%

Target Price (6 months)	€ 2.60
Share Price	€ 1.25
Market Cap. €M	124
Price Momentum	GOOD
Extremes 12Months	0.83 ▶ 2.30
Bloomberg	SFPI FP Equity
Reuters	SFPI.PA

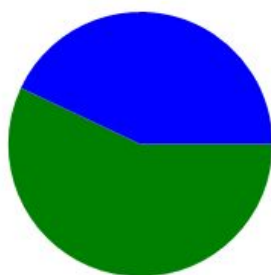

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PERF	1w	1m	3m	12m
SFPI Group	9.17%	5.49%	-22.6%	-41.1%
Building Prod. & Materials	4.51%	12.2%	-13.0%	-8.98%
SXXR Index	2.83%	6.38%	-12.9%	-5.06%

Last updated: 27/05/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	13.8	ns	7.67	5.89
Dividend yield (%)	0.00	4.00	4.80	5.60
EV/EBITDA(R) (x)	5.38	8.15	3.99	3.27
Adjusted EPS (€)	0.16	0.00	0.16	0.21
Growth in EPS (%)	-6.55	-98.0	ns	30.1
Dividend (€)	0.00	0.05	0.06	0.07
Sales (€M)	563	428	548	574
EBIT margin (%)	5.43	-0.06	4.19	5.74
Attributable net profit (€M)	3.73	-1.69	16.2	21.1
ROE (after tax) (%)	1.85	-0.85	7.91	9.73
Gearing (%)	-10.7	-10.8	-11.4	-11.1

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

Sales by Geography



■ France (57.0%)
■ Other (43.0%)

Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	€M	563	428	548
Change in sales	%	2.40	-24.0	28.1
Change in staff costs	%	1.90	-10.4	11.9
EBITDA	€M	52.7	21.7	46.8
EBITDA(R) margin	%	9.35	5.07	8.53
Depreciation	€M	-22.1	-22.0	-23.0
Underlying operating profit	€M	30.6	-0.28	23.8
Operating profit (EBIT)	€M	12.0	-2.28	23.8
Net financial expense	€M	-0.53	-0.45	-0.20
of which related to pensions	€M		-0.94	-0.96
Exceptional items & other	€M			
Corporate tax	€M	-7.76	0.89	-7.52
Equity associates	€M	0.05	0.20	0.20
Minority interests	€M	-0.05	-0.05	-0.05
Adjusted attributable net profit	€M	15.9	0.31	16.2
NOPAT	€M	21.4	0.67	17.5

Cashflow Statement

		12/19A	12/20E	12/21E
EBITDA	€M	52.7	21.7	46.8
Change in WCR	€M	-2.11	4.73	-18.8
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	-8.97	0.89	-7.52
Exceptional items	€M			
Other operating cash flows	€M	1.00		
Total operating cash flows	€M	42.6	27.3	20.4
Capital expenditure	€M	-18.6	-14.6	-18.6
Total investment flows	€M	-26.1	-14.6	-23.6
Net interest expense	€M	-0.53	-0.45	-0.20
Dividends (parent company)	€M	-4.86	0.00	-4.97
Dividends to minorities interests	€M	-0.30	-0.30	-0.30
New shareholders' equity	€M	0.00		
Total financial flows	€M	-19.2	0.19	-4.50
Change in cash position	€M	-9.22	13.0	-7.75
Free cash flow (pre div.)	€M	23.5	12.3	1.55

Per Share Data

		12/19A	12/20E	12/21E
No. of shares net of treas. stock (year...)	Mio	99.3	99.3	99.3
Number of diluted shares (average)	Mio	99.3	99.3	99.3
Benchmark EPS	€	0.16	0.00	0.16
Restated NAV per share	€			
Net dividend per share	€	0.00	0.05	0.06

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 2.66	35%	■ IMI
NAV/SOTP per share	€ 3.44	20%	■ Travis Perkins
EV/Ebitda	€ 2.50	20%	■ Alfa Laval
P/E	€ 1.43	10%	■ GEA Group
Dividend Yield	€ 2.19	10%	
P/Book	€ 2.50	5%	
TARGET PRICE	€ 2.60	100%	

NAV/SOTP Calculation

Balance Sheet

		12/19A	12/20E	12/21E
Goodwill	€M	49.4	49.4	49.4
Total intangible	€M	55.7	55.7	55.7
Tangible fixed assets	€M	80.1	73.1	74.5
Financial fixed assets	€M	1.10	1.12	1.14
WCR	€M	98.6	93.8	113
Other assets	€M	22.0	22.4	22.9
Total assets (net of short term liab.)	€M	281	270	290
Ordinary shareholders' equity	€M	200	199	210
Quasi Equity & Preferred	€M			
Minority interests	€M	1.75	2.00	2.00
Provisions for pensions	€M	64.4	65.7	67.0
Other provisions for risks and liabilities	€M	14.1	14.4	14.7
Total provisions for risks and liabilities	€M	78.5	80.1	81.7
Tax liabilities	€M	8.31	8.47	8.64
Other liabilities	€M	7.73	7.89	8.05
Net debt (cash)	€M	-15.0	-28.0	-20.2
Total liab. and shareholders' equity	€M	281	270	290

Capital Employed

		12/19A	12/20E	12/21E
Capital employed after depreciation	€M	235	224	244

Profits & Risks Ratios

		12/19A	12/20E	12/21E
ROE (after tax)	%	1.85	-0.85	7.91
ROCE	%	9.10	0.30	7.17
Gearing (at book value)	%	-10.7	-10.8	-11.4
Adj. Net debt/EBITDA(R)	x	-0.28	-1.29	-0.43
Interest cover (x)	x	58.1	0.56	-31.2

Valuation Ratios

		12/19A	12/20E	12/21E
Reference P/E (benchmark)	x	13.8	ns	7.67
Free cash flow yield	%	10.7	9.94	1.25
P/Book	x	1.10	0.62	0.59
Dividend yield	%	0.00	4.00	4.80

EV Calculation

		12/19A	12/20E	12/21E
Market cap	€M	219	124	124
+ Provisions	€M	78.5	80.1	81.7
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-15.0	-28.0	-20.2
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M	1.10	1.12	1.14
+ Minority interests (fair value)	€M	1.75	2.00	2.00
= EV	€M	283	177	186
EV/EBITDA(R)	x	5.38	8.15	3.99
EV/Sales	x	0.50	0.41	0.34

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 27/05/2020.