



SFPI

Misc. Bldg & Construct Prod / France

P&L disappoints but focus should be on cash flow

Dedicated to safety for people, goods and the environment - 07/10/2019

Change in EPS

2019 : € 0.17 vs 0.21	-22.0%
2020 : € 0.21 vs 0.23	-9.99%

Following the somewhat disappointing H1 on the P&L side, we have decreased our EPS for FY19 (c.-20%) and FY20 (c.-10%). Note, however, that cash generation was satisfactory, so that it had a limited impact on our valuation (c.-10%).

Change in NAV

€ 3.46 vs 4.06	-14.7%
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We have lowered the reference multiple, which has impacted rather significantly our NAV. Overall, EBIT is forecast to be c.15% below our previous forecast for FY20, which means that the decrease in our reference multiple explains all the decrease in our NAV.

Change in DCF

€ 3.51 vs 4.24	-17.3%
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We have decreased our long-term FCF conversion assumption from more than 40% to some 35%, on the back of a lower EBITDA than previously expected and stable capex. As the terminal value accounts for about 60% of the overall DCF, this had a significant impact on our DCF.



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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 : 78.8%

Target Price (6 months)	€ 3.22
Share Price	€ 1.80
Market Cap. €M	179
Price Momentum	NEGATIVE
Extremes 12Months	1.80 ▶ 2.99
Bloomberg	SFPI FP Equity
Reuters	SFPI.PA

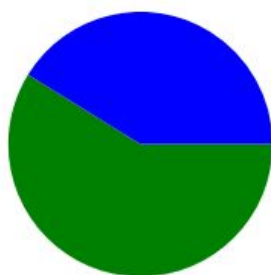

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PERF	1w	1m	3m	12m
SFPI Group	-3.74%	-1.91%	-19.6%	-39.8%
Building Prod. & Materials	-2.98%	1.11%	-5.72%	-0.20%
SXXR Index	-2.92%	-0.66%	-2.80%	3.15%

Last updated: 07/10/2019	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	15.9	10.8	8.67	7.17
Dividend yield (%)	1.83	3.33	3.89	4.44
EV/EBITDA(R) (x)	6.03	3.75	3.04	2.41
Adjusted EPS (€)	0.17	0.17	0.21	0.25
Growth in EPS (%)	-17.5	-2.76	24.4	20.9
Dividend (€)	0.05	0.06	0.07	0.08
Sales (€M)	550	570	585	601
EBIT margin (%)	5.52	4.39	5.28	6.17
Attributable net profit (€M)	13.7	16.6	20.6	24.9
ROE (after tax) (%)	6.94	7.80	9.04	10.1
Gearing (%)	-19.1	-14.6	-18.2	-22.4

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Sales by Geography



■ France (58.8%)
■ Other (41.2%)

Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	€M	550	570	585
Change in sales	%	8.98	3.64	2.70
Change in staff costs	%	8.16	4.01	2.67
EBITDA	€M	45.5	45.0	51.4
EBITDA(R) margin	%	8.27	7.89	8.78
Depreciation	€M	-15.1	-19.9	-20.5
Underlying operating profit	€M	30.4	25.0	30.9
Operating profit (EBIT)	€M	26.6	25.3	30.9
Net financial expense	€M	-0.54	-0.80	-0.45
of which related to pensions	€M		-0.82	-0.88
Exceptional items & other	€M			
Corporate tax	€M	-9.75	-8.09	-10.1
Equity associates	€M	0.02	0.15	0.20
Minority interests	€M	-2.64	0.00	0.00
Adjusted attributable net profit	€M	16.1	16.6	20.6
NOPAT	€M	21.3	18.2	22.5

Cashflow Statement

EBITDA	€M	45.5	45.0	51.4
Change in WCR	€M	-2.72	-3.06	-2.93
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	-9.38	-8.09	-10.1
Exceptional items	€M	-1.41		
Other operating cash flows	€M	-0.84		
Total operating cash flows	€M	31.1	33.8	38.4
Capital expenditure	€M	-16.1	-19.4	-19.9
Total investment flows	€M	-25.3	-19.4	-19.9
Net interest expense	€M	-0.54	-0.80	-0.45
Dividends (parent company)	€M	-5.27	-4.97	-5.96
Dividends to minorities interests	€M	-1.33	-0.30	-0.30
New shareholders' equity	€M	-18.0		
Total financial flows	€M	2.83	-5.24	-5.83
Change in cash position	€M	8.61	9.19	12.7
Free cash flow (pre div.)	€M	14.5	13.6	18.1

Per Share Data

No. of shares net of treas. stock (year...	Mio	99.3	99.3	99.3
Number of diluted shares (average)	Mio	93.6	99.3	99.3
Benchmark EPS	€	0.17	0.17	0.21
Restated NAV per share	€			
Net dividend per share	€	0.05	0.06	0.07

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 3.51	35%	● Saint-Gobain
NAV/SOTP per share	€ 3.46	20%	● Gea Group
EV/Ebitda	€ 3.60	20%	● Alfa Laval
P/E	€ 2.32	10%	● Travis Perkins
Dividend Yield	€ 1.89	10%	● IMI
P/Book	€ 3.16	5%	
TARGET PRICE	€ 3.22	100%	

NAV/SOTP Calculation

Balance Sheet

		12/18A	12/19E	12/20E
Goodwill	€M	53.6	53.6	53.6
Total intangible	€M	60.4	60.4	60.4
Tangible fixed assets	€M	83.4	85.1	86.8
Financial fixed assets	€M	41.3	42.1	42.9
WCR	€M	106	109	112
Other assets	€M	16.8	16.8	16.8
Total assets (net of short term liab.)	€M	320	325	331
Ordinary shareholders' equity	€M	205	220	236
Quasi Equity & Preferred	€M			
Minority interests	€M	1.87	0.00	0.00
Provisions for pensions	€M	59.7	58.9	59.7
Other provisions for risks and liabilities	€M	9.71	9.90	10.1
Total provisions for risks and liabilities	€M	69.4	68.8	69.8
Tax liabilities	€M	7.64	7.79	7.95
Other liabilities	€M	63.9	65.2	66.5
Net debt (cash)	€M	-27.5	-36.7	-49.4
Total liab. and shareholders' equity	€M	320	325	331

Capital Employed

Capital employed after depreciation	€M	291	296	302
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Profits & Risks Ratios

ROE (after tax)	%	6.94	7.80	9.04
ROCE	%	7.32	6.16	7.45
Gearing (at book value)	%	-19.1	-14.6	-18.2
Adj. Net debt/EBITDA(R)	x	-0.61	-0.82	-0.96
Interest cover (x)	x	56.8	-1,076	-71.3

Valuation Ratios

Reference P/E (benchmark)	x	15.9	10.8	8.67
Free cash flow yield	%	5.32	7.62	10.1
P/Book	x	1.33	0.81	0.76
Dividend yield	%	1.83	3.33	3.89

EV Calculation

Market cap	€M	272	179	179
+ Provisions	€M	69.4	68.8	69.8
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-27.5	-36.7	-49.4
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M	41.3	42.1	42.9
+ Minority interests (fair value)	€M	1.87	0.00	0.00
= EV	€M	274	169	156
EV/EBITDA(R)	x	6.03	3.75	3.04
EV/Sales	x	0.50	0.30	0.27

Analyst : Felix Brunotte, Changes to Forecasts : 07/10/2019.