



SFPI

Misc. Bldg & Construct Prod / France

H1 margins under pressure - operations remain brisk

Safety solutions and safe operations at its heart - 10/10/2022

Change in EPS

2022 : € 0.30 vs 0.36	-16.9%
2023 : € 0.37 vs 0.37	-0.27%

Despite sustained sales growth, mostly driven by price increases, H1 margins came under pressure from rising costs. We have trimmed our expectations for 2022 a bit although the management is confident that a fair chunk of the missing gross margins will be recovered by H2. Our 2023 forecasts do not allow for a European downturn on the back of worsening money conditions.

Change in DCF

€ 4.40 vs 4.79	-8.11%
----------------	--------

Our DCF resets a bit lower as a result of working capital needs, the purchase of Wo&Wo (debt financed) and slightly lower operating margins.



Pierre-Yves GAUTHIER
 buildingmaterials@alphavalue.eu
 +33 (0) 1 70 61 10 50
 corporate.alphavalue.com

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 : 122%
Target Price (6 months)	€ 4.64
Share Price	€ 2.10
Market Cap. €M	208
Price Momentum	NEGATIVE
Extremes 12Months	2.06 ▶ 3.79
Bloomberg	SFPI FP Equity
Reuters	SFPI.PA

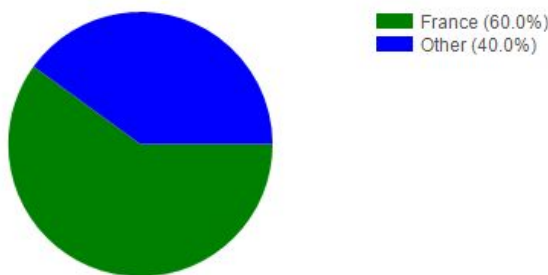

[Download Full Analysis](#)
[Company Page](#)


PERF	1w	1m	3m	12m
SFPI Group	-0.24%	-15.7%	-14.5%	-38.9%
Building Prod. & Materials	0.67%	-6.96%	-5.77%	-26.7%
SXXR Index	1.00%	-4.85%	-5.23%	-12.4%

Last updated: 10/10/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	7.99	6.95	5.63	5.55
Dividend yield (%)	2.98	3.82	4.06	4.30
EV/EBITDA(R) (x)	3.89	3.50	3.10	2.85
Adjusted EPS (€)	0.34	0.30	0.37	0.38
Growth in EPS (%)	45.1	-10.3	23.4	1.52
Dividend (€)	0.08	0.08	0.09	0.09
Sales (€M)	569	627	693	707
EBIT margin (%)	7.66	6.73	6.65	6.66
Attributable net profit (€M)	32.5	26.8	32.3	32.8
ROE (after tax) (%)	14.5	10.9	12.1	11.5
Gearing (%)	-25.5	-17.9	-11.4	-14.7

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

Sales by Geography



Consolidated P&L Accounts

	12/21A	12/22E	12/23E
Sales	€M 569	627	693
Change in sales	% 14.0	10.3	10.4
Change in staff costs	% 10.0	11.3	12.7
EBITDA	€M 62.1	59.9	66.0
EBITDA(R) margin	% 10.9	9.55	9.53
Depreciation	€M -18.1	-20.0	-20.0
Underlying operating profit	€M 43.9	39.9	46.0
Operating profit (EBIT)	€M 44.9	36.7	43.3
Net financial expense	€M -0.41	-0.20	-0.20
of which related to pensions	€M	-0.95	-0.97
Exceptional items & other	€M		
Corporate tax	€M -12.0	-9.70	-10.8
Equity associates	€M 0.20	0.20	0.20
Minority interests	€M -0.22	-0.22	-0.22
Adjusted attributable net profit	€M 32.2	27.8	34.3
NOPAT	€M 30.9	28.8	33.1

Cashflow Statement

	12/21A	12/22E	12/23E
EBITDA	€M 62.1	59.9	66.0
Change in WCR	€M -11.7	-28.1	-10.7
Actual div. received from equity holdi...	€M 0.00	0.00	0.00
Paid taxes	€M -11.6	-9.70	-10.8
Exceptional items	€M		
Other operating cash flows	€M 4.50	-1.00	-1.00
Total operating cash flows	€M 43.3	21.1	43.5
Capital expenditure	€M -10.7	-21.3	-23.6
Total investment flows	€M -11.1	-51.3	-28.6
Net interest expense	€M -0.41	-0.20	-0.20
Dividends (parent company)	€M -5.68	-7.95	-7.95
Dividends to minorities interests	€M -0.10	-0.10	-0.10
New shareholders' equity	€M -10.0	0.00	0.00
Total financial flows	€M -38.7	27.5	-7.28
Change in cash position	€M -6.51	-2.81	7.71
Free cash flow (pre div.)	€M 32.1	-0.48	19.8

Per Share Data

	Mio	92.2	92.2	92.2
No. of shares net of treas. stock (year...				
Number of diluted shares (average)	Mio	95.7	92.2	92.2
Benchmark EPS	€	0.34	0.30	0.37
Restated NAV per share	€			
Net dividend per share	€	0.08	0.08	0.09

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 4.40	35%	● dormakaba
NAV/SOTP per share	€ 6.55	20%	● Alfa Laval
EV/Ebitda	€ 4.19	20%	● IMI
P/E	€ 4.19	10%	● Travis Perkins
Dividend Yield	€ 3.26	10%	
P/Book	€ 4.19	5%	
TARGET PRICE	€ 4.64	100%	

NAV/SOTP Calculation

Balance Sheet

	12/21A	12/22E	12/23E
Goodwill	€M 46.8	46.8	46.8
Total intangible	€M 51.0	51.0	51.0
Tangible fixed assets	€M 79.1	80.7	82.3
Financial fixed assets	€M 2.90	2.96	3.02
WCR	€M 129	157	168
Other assets	€M 39.3	40.1	40.9
Total assets (net of short term liab.)	€M 320	381	395
Ordinary shareholders' equity	€M 233	259	275
Quasi Equity & Preferred	€M		
Minority interests	€M 1.35	1.63	1.63
Provisions for pensions	€M 62.1	45.2	46.1
Other provisions for risks and liabilities	€M 12.2	13.0	15.0
Total provisions for risks and liabilities	€M 74.3	58.2	61.1
Tax liabilities	€M 8.81	15.0	15.3
Other liabilities	€M 68.6	75.0	76.5
Net debt (cash)	€M -65.2	-27.6	-35.3
Total liab. and shareholders' equity	€M 320	381	395

Capital Employed

	12/21A	12/22E	12/23E
Capital employed after depreciation	€M 262	291	304

Profits & Risks Ratios

	%	14.5	10.9	12.1
ROE (after tax)				
ROCE	%	11.8	9.88	10.9
Gearing (at book value)	%	-25.5	-17.9	-11.4
Adj. Net debt/EBITDA(R)	x	-1.05	-0.46	-0.54
Interest cover (x)	x	106	-53.4	-59.9

Valuation Ratios

	x	7.99	6.95	5.63
Reference P/E (benchmark)				
Free cash flow yield	%	13.0	-0.25	10.2
P/Book	x	1.06	0.75	0.70
Dividend yield	%	2.98	3.82	4.06

EV Calculation

	€M	248	193	193
Market cap				
+ Provisions	€M	74.3	58.2	61.1
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-78.9	-41.3	-49.3
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M	2.90	2.00	2.00
+ Minority interests (fair value)	€M	1.35	2.00	2.00
= EV	€M	241	210	205
EV/EBITDA(R)	x	3.89	3.50	3.10
EV/Sales	x	0.42	0.33	0.30

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 10/10/2022.