Holding Companies / France

# Adjustment following the completion of the sale of Flex Composite Group

Private equity players buffeted by macro-economic headwinds - 26/10/2023

## Change in EPS

2023 : € 9.22 vs 6.45	+42.9%
2024 : € 8.17 vs 8.13	+0.51%

Our EPS 2023 resets significantly higher due to the inclusion of the sale of Flex Composite Group (FCG) to Michelin, which has driven up the change in fair value to €89m in H1-23.

# Change in DCF

€ 61.4 vs 45.2 +35.9%

Our DCF has improved significantly following the sale of FCG to Michelin. We have estimated the total proceeds at  $\in$ 278.4m (against an estimated book value of  $\in$ 207.2m) or 12x the initial investment of  $\in$ 23.2m, which has significantly improved our estimates for the FY 23 cash position.



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This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor

Buy	Upside : 55.4%
Target Price (6 months)	€ 93.9
Share Price	€ 60.4
Market Cap. €M	437
Price Momentum	UNFAVORABLE
Extremes 12Months	45.6 🕨 69.8
Bloomberg	IDIP FP Equity
Reuters	IDVP.PA
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non-monetary benefit as defined in MiFID II

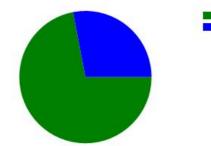


PERF	1 w	1m	3m	12m
IDI	-7.08%	-10.4%	-7.08%	30.7%
Other Financials	-3.82%	-5.36%	-14.9%	-1.49%
SXXR Index	-2.17%	-3.29%	-6.61%	9.66%

Last updated: 26/10/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	4.54	6.55	7.39	6.84
Dividend yield (%)	4.96	4.64	4.97	5.30
EV/EBITDA(R) (x)	47.3	-57.6	-57.1	-80.0
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
Company Val	uation	- Comp	anv Fin	ancials



# 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
EBITDA(R) margin	%	-68.8	18.8	14.1
Depreciation	€th	-232	-2,961	-3,694
Underlying operating profit	€th	-6,659	1,999	980
Operating profit (EBIT)	€th	77,960	91,499	81,368
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
Adjusted attributable net profit	€th	80,384	66,785	59,188
NOPAT	€th	58,470	68,624	61,026
Cashflow Statement				
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
Free cash flow (pre div.)	€th	-22,811	-16,526	-13,849
Per Share Data				
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
Benchmark EPS	€	11.1	9.22	8.17
Restated NAV per share	€			
Net dividend per share	€	2.50	2.80	3.00

### **Valuation Summary**

Europe (72.0%) Other (28.0%)

Benchmarks	Value	Weight
NAV/SOTP per share	€87.7	55%
Dividend Yield	€ 121	20%
DCF	€61.4	10%
P/E	€ 121	10%
P/Book	€65.3	5%
TARGET PRICE	€93.9	100%

Largest comparables

- Ackermans & van H...
- BolloréCorporacion Financ...
- GBL
- Kinnevik Investment
- 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
Ordinary shareholders' equity	€th	672,792	801,608	794,254
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
Net debt (cash)	€th	-26,918	- 243,491	- 223,865
Total liab. and shareholders' equity	€th	659,493	589,034	601,489
Capital Employed				
Capital employed after depreciation	€th	636,431	568,642	579,097
Profits & Risks Ratios				
ROE (after tax)	%	12.5	9.06	7.42
ROCE	%	9.19	12.1	10.5
Gearing (at book value)	%	-6.19	-16.9	-29.4
Adj. Net debt/EBITDA(R)	х	3.99	-52.6	-51.7
Adj. Net debt/EBITDA(R) Interest cover (x)	x x	3.99 -4.25	-52.6 0.82	-51.7 0.40
Interest cover (x)				
Interest cover (x) Valuation Ratios	X	-4.25	0.82	0.40
Interest cover (x) Valuation Ratios Reference P/E (benchmark)	х х	-4.25 <b>4.54</b>	0.82 6.55	0.40 <b>7.39</b>
Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield	x x %	-4.25 <b>4.54</b> -6.25	0.82 6.55 -3.78	0.40 <b>7.39</b> -3.17
Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book	X X % X	-4.25 4.54 -6.25 0.54	0.82 6.55 -3.78 0.55	0.40 <b>7.39</b> -3.17 0.55
Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield	X X % X	-4.25 4.54 -6.25 0.54	0.82 6.55 -3.78 0.55 4.64	0.40 <b>7.39</b> -3.17 0.55
Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation	X X % X %	-4.25 4.54 -6.25 0.54 4.96	0.82 6.55 -3.78 0.55 4.64	0.40 <b>7.39</b> -3.17 0.55 <b>4.97</b>
Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap	x x % x %	-4.25 4.54 -6.25 0.54 4.96 365,005	0.82 6.55 -3.78 0.55 4.64 437,417	0.40 <b>7.39</b> -3.17 0.55 <b>4.97</b> 437,417
Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions	x x % x % €th €th	-4.25 4.54 -6.25 0.54 4.96 365,005 3,915	0.82 6.55 -3.78 0.55 4.64 437,417 3,649 0.00	0.40 <b>7.39</b> -3.17 0.55 <b>4.97</b> 437,417 3,831
Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains)	x x % x % €th €th	-4.25 4.54 -6.25 0.54 4.96 365,005 3,915 0.00	0.82 6.55 -3.78 0.55 4.64 437,417 3,649 0.00	0.40 <b>7.39</b> -3.17 0.55 <b>4.97</b> 437,417 3,831 0.00
Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains) + Net debt at year end	x x % x % % €th €th €th €th	-4.25 4.54 -6.25 0.54 4.96 365,005 3,915 0.00 -41,419	0.82 6.55 -3.78 0.55 4.64 437,417 3,649 0.00 257,388 0.00	0.40 <b>7.39</b> -3.17 0.55 <b>4.97</b> 437,417 3,831 0.00 -
Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains) + Net debt at year end + Leases debt equivalent	x % % % €th €th €th €th	-4.25 4.54 -6.25 0.54 4.96 365,005 3,915 0.00 -41,419 0.00	0.82 6.55 -3.78 0.55 4.64 437,417 3,649 0.00 257,388 0.00	0.40 <b>7.39</b> -3.17 0.55 <b>4.97</b> 437,417 3,831 0.00 237,762 0.00
Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains) + Net debt at year end + Leases debt equivalent - Financial fixed assets (fair value)	x % x % €th €th €th €th €th	-4.25 4.54 -6.25 0.54 4.96 365,005 3,915 0.00 -41,419 0.00 645,956	0.82 6.55 -3.78 0.55 4.64 437,417 3,649 0.00 257,388 0.00 450,700 8.00	0.40 7.39 -3.17 0.55 4.97 437,417 3,831 0.00 237,762 0.00 450,700
Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains) + Net debt at year end + Leases debt equivalent - Financial fixed assets (fair value) + Minority interests (fair value)	x % x % €th €th €th €th €th €th	-4.25 4.54 -6.25 0.54 4.96 365,005 3,915 0.00 -41,419 0.00 645,956 0.00	0.82 6.55 -3.78 0.55 4.64 437,417 3,649 0.00 257,388 0.00 450,700 8.00	0.40 7.39 -3.17 0.55 4.97 437,417 3,831 0.00 237,762 0.00 450,700 8.00

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