



# SFPI

Misc. Bldg &amp; Construct Prod / France

## Dedicated to safety for people, goods and the environment

03/03/2019

### Change in Target Price

€ 4.00 vs 4.04 -0.98%

Following the publication of FY18 sales, we have updated our model. Overall, sales were 1% below our expectations, which has a slight negative impact on our valuation, as we believe our margins expectation deserve to remain unchanged. The Buildings division was perfectly in line with our expectations (€186m for DOM Security and €190m for MAC). Hence, the discrepancy stems mainly from the Industrial division (€51m for MMD vs. €54m expected; €121m for NEU-JKF vs. €124m expected). Overall, we continue to believe that SFPI is undervalued and we keep our Buy recommendation unchanged with a slightly lower target price.



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AlphaValue is contracted by SFPI Group to provide equity research on SFPI Group, using AlphaValue's unique and transparent methods and procedures. Target price and opinion are thus exclusively determined by those methods and procedures.

<b>Buy</b>	<b>Upside : 80.2%</b>
Target Price (6 months)	€ 4.00
Share Price	€ 2.22
Market Cap. €M	220
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	2.06 ▶ 3.44
Bloomberg	SFPI FP Equity
Reuters	SFPI.PA

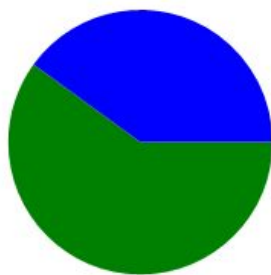

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PERF	1w	1m	3m	12m
SFPI Group	-2.20%	-5.93%	-7.50%	-28.2%
Building Prod. & Materials	0.63%	6.03%	7.91%	-11.7%
SXXR Index	0.87%	4.63%	5.10%	2.70%

Last updated: 03/03/2019	12/17A	12/18E	12/19E	12/20E
Adjusted P/E (x)	14.7	13.8	9.73	8.68
Dividend yield (%)	1.96	2.00	3.13	3.51
EV/EBITDA(R) (x)	5.86	5.80	3.49	2.92
Adjusted EPS (€)	0.21	0.22	0.23	0.26
Growth in EPS (%)	4.56	5.83	3.67	12.1
Dividend (€)	0.06	0.06	0.07	0.08
Sales (€M)	504	548	564	579
EBIT margin (%)	6.52	5.92	6.48	7.00
Attributable net profit (€M)	25.2	19.8	22.7	25.4
ROE (after tax) (%)	10.6	9.74	10.0	10.4
Gearing (%)	-29.3	-24.4	-26.9	-31.1

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## Sales by Geography



■ France (60.0%)  
■ Other (40.0%)

## Consolidated P&L Accounts

		12/17A	12/18E	12/19E
Sales	€M	504	548	564
Change in sales	%	6.11	8.62	2.97
Change in staff costs	%	6.37	12.0	-3.85
EBITDA	€M	46.8	48.2	52.8
<b>EBITDA(R) margin</b>	<b>%</b>	<b>9.27</b>	<b>8.80</b>	<b>9.36</b>
Depreciation	€M	-13.9	-15.8	-16.2
Underlying operating profit	€M	32.9	32.5	36.6
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>34.1</b>	<b>31.5</b>	<b>36.6</b>
Net financial expense	€M	-0.63	-0.67	-1.64
of which related to pensions	€M		-0.83	-0.89
Exceptional items & other	€M			
Corporate tax	€M	-10.3	-10.2	-11.5
Equity associates	€M	0.06	0.07	0.15
Minority interests	€M	-4.18	-0.89	-0.89
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>18.2</b>	<b>20.6</b>	<b>22.7</b>
NOPAT	€M	23.1	23.4	26.4

## Cashflow Statement

		12/17A	12/18E	12/19E
EBITDA	€M	46.8	48.2	52.8
Change in WCR	€M	-8.23	-1.64	-2.43
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	-8.78	-10.2	-11.5
Exceptional items	€M	0.44		
Other operating cash flows	€M	10.0		
Total operating cash flows	€M	40.2	36.4	38.9
Capital expenditure	€M	-14.3	-16.4	-16.9
Total investment flows	€M	-35.5	-34.4	-16.9
Net interest expense	€M	-0.63	-0.67	-1.64
Dividends (parent company)	€M	-4.38	-5.27	-5.95
Dividends to minorities interests	€M	-1.53	-1.53	-0.30
New shareholders' equity	€M	-4.26		
Total financial flows	€M	9.07	22.9	-7.00
Change in cash position	€M	13.7	34.9	14.9
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>25.3</b>	<b>19.3</b>	<b>20.3</b>

## Per Share Data

		12/17A	12/18E	12/19E
No. of shares net of treas. stock (year...	Mio	87.9	99.3	99.3
Number of diluted shares (average)	Mio	87.7	93.6	99.3
<b>Benchmark EPS</b>	<b>€</b>	<b>0.21</b>	<b>0.22</b>	<b>0.23</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.06</b>	<b>0.06</b>	<b>0.07</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 4.49	35%	● Saint-Gobain
NAV/SOTP per share	€ 4.42	20%	● Legrand
EV/Ebitda	€ 4.44	20%	● Gea Group
P/E	€ 2.85	10%	● Alfa Laval
Dividend Yield	€ 2.03	10%	● Rexel
P/Book	€ 3.39	5%	● Travis Perkins
TARGET PRICE	€ 4.00	100%	● IMI

### NAV/SOTP Calculation

## Balance Sheet

		12/17A	12/18E	12/19E
Goodwill	€M	49.8	50.1	50.1
Total intangible	€M	53.8	54.1	54.1
Tangible fixed assets	€M	72.6	81.3	82.9
Financial fixed assets	€M	39.9	40.7	41.6
WCR	€M	106	108	110
Other assets	€M	17.0	17.0	17.0
Total assets (net of short term liab.)	€M	294	301	306
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>189</b>	<b>218</b>	<b>235</b>
Quasi Equity & Preferred	€M			
Minority interests	€M	29.8	0.00	0.00
Provisions for pensions	€M	55.1	59.1	59.8
Other provisions for risks and liabilities	€M	10.7	15.7	16.0
Total provisions for risks and liabilities	€M	65.9	74.8	75.9
Tax liabilities	€M	3.64	3.71	3.79
Other liabilities	€M	56.2	60.3	61.5
<b>Net debt (cash)</b>	<b>€M</b>	<b>-50.4</b>	<b>-55.8</b>	<b>-70.7</b>
Total liab. and shareholders' equity	€M	294	301	306

## Capital Employed

		12/17A	12/18E	12/19E
Capital employed after depreciation	€M	272	284	289

## Profits & Risks Ratios

		12/17A	12/18E	12/19E
<b>ROE (after tax)</b>	<b>%</b>	<b>10.6</b>	<b>9.74</b>	<b>10.0</b>
ROCE	%	8.47	8.23	9.13
<b>Gearing (at book value)</b>	<b>%</b>	<b>-29.3</b>	<b>-24.4</b>	<b>-26.9</b>
Adj. Net debt/EBITDA(R)	x	-1.08	-1.16	-1.34
Interest cover (x)	x	52.4	-212	48.8

## Valuation Ratios

		12/17A	12/18E	12/19E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>14.7</b>	<b>13.8</b>	<b>9.73</b>
Free cash flow yield	%	9.42	6.41	9.21
P/Book	x	1.42	1.38	0.94
<b>Dividend yield</b>	<b>%</b>	<b>1.96</b>	<b>2.00</b>	<b>3.13</b>

## EV Calculation

		12/17A	12/18E	12/19E
Market cap	€M	269	302	220
+ Provisions	€M	65.9	74.8	75.9
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-50.4	-55.8	-70.7
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M	39.9	40.7	41.6
+ Minority interests (fair value)	€M	29.8	0.00	0.00
= EV	€M	274	280	184
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>5.86</b>	<b>5.80</b>	<b>3.49</b>
EV/Sales	x	0.54	0.51	0.33

Analyst : Felix Brunotte, Changes to Forecasts : 03/03/2019.