



SFPI

Misc. Bldg & Construct Prod / France

Very strong H1 21 execution indeed

Safety solutions and safe operations at heart - 24/09/2021

Change in EPS

2021 : € 0.29 vs 0.25	+17.4%
2022 : € 0.33 vs 0.27	+23.2%

With sales back to 2019 levels and operating margins substantially higher (+470bp to 7.7%), we have allowed for a 2021 bound to be an excellent harvest. While headwinds might crop up in 2022, notably on input costs, the jury is still out so that 2022 margins have been raised as well.

Change in DCF

€ 5.15 vs 4.18	+23.1%
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The DCF benefits from a stronger than expected spot net cash position and from the upgrades to near-term earnings and FCF generation. A proportion of these upgrades is derived from a more efficient cost base so that it may resist likely future swings in demand.



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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 : 66.5%
Target Price (6 months)	€ 5.49
Share Price	€ 3.30
Market Cap. €M	327
Price Momentum	STRONG
Extremes 12Months	1.07 ▶ 3.30
Bloomberg	SFPI FP Equity
Reuters	SFPI.PA

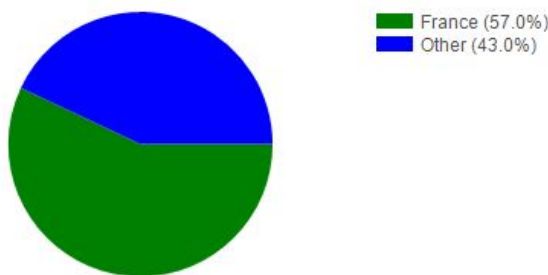

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PERF	1w	1m	3m	12m
SFPI Group	11.7%	8.39%	27.5%	168%
Building Prod. & Materials	-1.59%	-4.39%	-0.39%	41.9%
SXXR Index	0.36%	-0.80%	3.60%	32.8%

Last updated: 24/09/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	5.82	11.3	10.1	9.00
Dividend yield (%)	4.45	1.97	2.12	2.28
EV/EBITDA(R) (x)	2.90	5.07	4.57	3.89
Adjusted EPS (€)	0.23	0.29	0.33	0.37
Growth in EPS (%)	44.5	25.4	12.6	12.0
Dividend (€)	0.06	0.07	0.07	0.08
Sales (€M)	499	556	580	601
EBIT margin (%)	5.41	7.54	7.82	8.11
Attributable net profit (€M)	19.8	26.9	30.5	34.4
ROE (after tax) (%)	9.57	11.8	12.1	12.6
Gearing (%)	-16.0	-26.4	-32.2	-36.4

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

Sales by Geography



Consolidated P&L Accounts

	12/20A	12/21E	12/22E
Sales	€M 499	556	580
Change in sales	% -11.4	11.4	4.36
Change in staff costs	% -9.48	4.50	3.47
EBITDA	€M 48.7	61.4	65.4
EBITDA(R) margin	% 9.76	11.0	11.3
Depreciation	€M -20.2	-20.0	-21.5
Underlying operating profit	€M 28.6	41.4	43.9
Operating profit (EBIT)	€M 27.0	38.7	41.2
Net financial expense	€M 3.20	-0.20	-0.20
of which related to pensions	€M	-0.97	-0.99
Exceptional items & other	€M		
Corporate tax	€M -10.5	-11.7	-10.6
Equity associates	€M 0.16	0.20	0.20
Minority interests	€M -0.11	-0.11	-0.11
Adjusted attributable net profit	€M 23.0	28.9	32.5
NOPAT	€M 20.1	29.8	31.6

Cashflow Statement

	12/20A	12/21E	12/22E
EBITDA	€M 48.7	61.4	65.4
Change in WCR	€M 17.4	-3.11	-4.91
Actual div. received from equity holdi...	€M 0.00	0.00	0.00
Paid taxes	€M -10.2	-11.7	-10.6
Exceptional items	€M		
Other operating cash flows	€M -1.00	-1.00	-1.00
Total operating cash flows	€M 54.9	45.6	48.9
Capital expenditure	€M -11.4	-18.9	-19.7
Total investment flows	€M -11.7	-18.9	-24.7
Net interest expense	€M 3.20	-0.20	-0.20
Dividends (parent company)	€M 0.00	-5.96	-6.46
Dividends to minorities interests	€M -0.10	-0.10	-0.10
New shareholders' equity	€M -1.20		
Total financial flows	€M 1.35	-5.28	-31.1
Change in cash position	€M 44.5	21.4	-6.96
Free cash flow (pre div.)	€M 46.6	26.5	29.0

Per Share Data

		12/20A	12/21E	12/22E
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	€	0.23	0.29	0.33
Restated NAV per share	€			
Net dividend per share	€	0.06	0.07	0.07

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 5.15	35%	<ul style="list-style-type: none"> ● GEA Group ● Alfa Laval ● IMI ● Travis Perkins
NAV/SOTP per share	€ 5.04	20%	
EV/Ebitda	€ 6.59	20%	
P/E	€ 6.59	10%	
Dividend Yield	€ 3.71	10%	
P/Book	€ 6.59	5%	
TARGET PRICE	€ 5.49	100%	

NAV/SOTP Calculation

Balance Sheet

	12/20A	12/21E	12/22E
Goodwill	€M 47.0	47.0	47.0
Total intangible	€M 52.8	52.8	52.8
Tangible fixed assets	€M 78.4	80.0	81.6
Financial fixed assets	€M 2.40	2.45	2.45
WCR	€M 110	113	118
Other assets	€M 45.3	46.2	46.2
Total assets (net of short term liab.)	€M 309	318	325
Ordinary shareholders' equity	€M 214	242	260
Quasi Equity & Preferred	€M		
Minority interests	€M 1.60	2.00	1.63
Provisions for pensions	€M 66.5	67.0	67.9
Other provisions for risks and liabilities	€M 9.80	10.00	15.0
Total provisions for risks and liabilities	€M 76.3	77.0	82.9
Tax liabilities	€M 9.10	9.28	9.47
Other liabilities	€M 61.0	62.2	63.4
Net debt (cash)	€M -53.3	-74.7	-93.1
Total liab. and shareholders' equity	€M 309	318	325

Capital Employed

	12/20A	12/21E	12/22E
Capital employed after depreciation	€M 243	248	254

Profits & Risks Ratios

		12/20A	12/21E	12/22E
ROE (after tax)	%	9.57	11.8	12.1
ROCE	%	8.29	12.0	12.4
Gearing (at book value)	%	-16.0	-26.4	-32.2
Adj. Net debt/EBITDA(R)	x	-1.09	-1.22	-1.42
Interest cover (x)	x	-8.92	-53.4	-55.6

Valuation Ratios

		12/20A	12/21E	12/22E
Reference P/E (benchmark)	x	5.82	11.3	10.1
Free cash flow yield	%	34.8	8.09	8.85
P/Book	x	0.63	1.35	1.26
Dividend yield	%	4.45	1.97	2.12

EV Calculation

	12/20A	12/21E	12/22E	
Market cap	€M 134	327	327	
+ Provisions	€M 76.3	77.0	82.9	
+ Unrecognised actuarial losses/(gains)	€M 0.00	0.00	0.00	
+ Net debt at year end	€M -67.9	-92.7	-111	
+ Leases debt equivalent	€M 0.00	0.00	0.00	
- Financial fixed assets (fair value)	€M 2.40	2.45	2.00	
+ Minority interests (fair value)	€M 1.60	2.00	2.00	
= EV	€M 142	311	299	
EV/EBITDA(R)	x	2.90	5.07	4.57
EV/Sales	x	0.28	0.56	0.52

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 24/09/2021.