



SFPI

Misc. Bldg & Construct Prod / France

Upgrade to FY 2020 after robust H1 navigation

Safety-driven long-term ambitions - 26/09/2020

Change in EPS

2020 : € 0.08 vs 0.00	+2,379%
2021 : € 0.17 vs 0.16	+1.83%

The H1 20 delivery was a good surprise with a contained loss at €4.4m on sales down 21%, also a positive surprise for an industrial group mostly located in France where the lockdown has been a pretty harsh one. We allowed for a modest degree of recovery in H2 with FY sales down 13%. While operating margins are being slashed (higher costs, missing volumes here, saturated tools there) turning a profit may not be out of reach. This explains the 2020 earnings rebound from zero to some €7.5m adjusted from goodwill impairments.

Change in DCF

€ 2.96 vs 2.65	+11.6%
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The DCF mechanically benefits from a reset of the 2020 expectations to positive earnings territories. The 2021 and 2022 have been only marginally raised as they already allowed for a recovery.



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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 : 132%
Target Price (6 months)	€ 2.81
Share Price	€ 1.21
Market Cap. €M	120
Price Momentum	GOOD
Extremes 12Months	0.83 ▶ 1.87
Bloomberg	SFPI FP Equity
Reuters	SFPI.PA

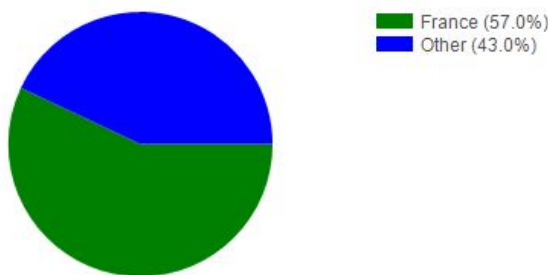

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PERF	1w	1m	3m	12m
SFPI Group	-3.20%	-5.10%	-11.4%	-35.3%
Building Prod. & Materials	-4.03%	-3.22%	8.55%	4.81%
SXXR Index	-3.57%	-4.63%	-0.73%	-6.26%

Last updated: 26/09/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	13.8	15.5	7.29	5.26
Dividend yield (%)	0.00	4.13	4.96	5.79
EV/EBITDA(R) (x)	5.38	5.87	3.71	2.94
Adjusted EPS (€)	0.16	0.08	0.17	0.23
Growth in EPS (%)	-6.55	-51.3	113	38.6
Dividend (€)	0.00	0.05	0.06	0.07
Sales (€M)	563	489	556	582
EBIT margin (%)	5.43	1.61	4.71	6.25
Attributable net profit (€M)	3.73	5.25	16.5	22.8
ROE (after tax) (%)	1.85	2.60	7.84	10.3
Gearing (%)	-10.7	-9.80	-11.4	-12.7

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

Sales by Geography



Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	€M	563	489	556
Change in sales	%	2.40	-13.2	13.9
Change in staff costs	%	1.90	-6.14	7.93
EBITDA	€M	52.7	30.0	48.1
EBITDA(R) margin	%	9.35	6.14	8.65
Depreciation	€M	-22.1	-22.0	-23.0
Underlying operating profit	€M	30.6	8.00	25.1
Operating profit (EBIT)	€M	12.0	5.50	25.1
Net financial expense	€M	-0.53	1.25	-0.20
of which related to pensions	€M		-0.94	-0.96
Exceptional items & other	€M			
Corporate tax	€M	-7.76	-1.65	-8.58
Equity associates	€M	0.05	0.20	0.20
Minority interests	€M	-0.05	-0.05	-0.05
Adjusted attributable net profit	€M	15.9	7.75	16.5
NOPAT	€M	21.4	6.46	18.4

Cashflow Statement

		12/19A	12/20E	12/21E
EBITDA	€M	52.7	30.0	48.1
Change in WCR	€M	-2.11	-3.52	-12.2
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	-8.97	-1.65	-8.58
Exceptional items	€M			
Other operating cash flows	€M	1.00		
Total operating cash flows	€M	42.6	24.8	27.3
Capital expenditure	€M	-18.6	-16.6	-18.9
Total investment flows	€M	-26.1	-16.6	-23.9
Net interest expense	€M	-0.53	1.25	-0.20
Dividends (parent company)	€M	-4.86	0.00	-4.97
Dividends to minorities interests	€M	-0.30	-0.30	-0.30
New shareholders' equity	€M	0.00		
Total financial flows	€M	-19.2	1.89	-4.50
Change in cash position	€M	-9.22	10.1	-1.12
Free cash flow (pre div.)	€M	23.5	9.47	8.19

Per Share Data

		12/19A	12/20E	12/21E
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	€	0.16	0.08	0.17
Restated NAV per share	€			
Net dividend per share	€	0.00	0.05	0.06

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 2.96	35%	● GEA Group
NAV/SOTP per share	€ 3.41	20%	● Alfa Laval
EV/Ebitda	€ 2.42	20%	● Travis Perkins
P/E	€ 2.42	10%	● IMI
Dividend Yield	€ 2.42	10%	
P/Book	€ 2.42	5%	
TARGET PRICE	€ 2.81	100%	

NAV/SOTP Calculation

Balance Sheet

		12/19A	12/20E	12/21E
Goodwill	€M	49.4	49.4	49.4
Total intangible	€M	55.7	55.7	55.7
Tangible fixed assets	€M	80.1	73.1	74.5
Financial fixed assets	€M	1.10	1.12	1.14
WCR	€M	98.6	102	114
Other assets	€M	22.0	22.4	22.9
Total assets (net of short term liab.)	€M	281	278	292
Ordinary shareholders' equity	€M	200	204	216
Quasi Equity & Preferred	€M			
Minority interests	€M	1.75	2.00	2.00
Provisions for pensions	€M	64.4	65.7	67.0
Other provisions for risks and liabilities	€M	14.1	14.4	14.7
Total provisions for risks and liabilities	€M	78.5	80.1	81.7
Tax liabilities	€M	8.31	8.47	8.64
Other liabilities	€M	7.73	7.89	8.05
Net debt (cash)	€M	-15.0	-25.1	-24.0
Total liab. and shareholders' equity	€M	281	278	292

Capital Employed

		12/19A	12/20E	12/21E
Capital employed after depreciation	€M	235	232	246

Profits & Risks Ratios

		12/19A	12/20E	12/21E
ROE (after tax)	%	1.85	2.60	7.84
ROCE	%	9.10	2.78	7.51
Gearing (at book value)	%	-10.7	-9.80	-11.4
Adj. Net debt/EBITDA(R)	x	-0.28	-0.84	-0.50
Interest cover (x)	x	58.1	-3.65	-33.0

Valuation Ratios

		12/19A	12/20E	12/21E
Reference P/E (benchmark)	x	13.8	15.5	7.29
Free cash flow yield	%	10.7	7.88	6.81
P/Book	x	1.10	0.59	0.56
Dividend yield	%	0.00	4.13	4.96

EV Calculation

		12/19A	12/20E	12/21E
Market cap	€M	219	120	120
+ Provisions	€M	78.5	80.1	81.7
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-15.0	-25.1	-24.0
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M	1.10	1.12	1.14
+ Minority interests (fair value)	€M	1.75	2.00	2.00
= EV	€M	283	176	179
EV/EBITDA(R)	x	5.38	5.87	3.71
EV/Sales	x	0.50	0.36	0.32

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 26/09/2020.