



# SFPI

Misc. Bldg &amp; Construct Prod / France

## Right assets to meet construction led demand

Safety solutions and safe operations at heart - 04/06/2021

### Change in Target Price

€ 4.73 vs 3.83 **+23.5%**

The sharp increase in the target price is largely a reflexion of the excellent showing of SFPI in a really difficult 2020. This has confirmed its resilience. The group's positioning is the right one at this juncture (construction and capital goods, both seeing solid demand) but SFPI's proverbial caution means that it looks forward to 2021 with modest ambitions

### Change in EPS

2021 : € 0.25 vs 0.17 **+49.1%**  
2022 : € 0.27 vs 0.23 **+15.5%**

The 2021 and 2022 jump in earnings expectations is mostly owed to the show of strength that SFPI deployed in H2-2020. The rebound may be slowed by higher input prices from mid 2021 but SFPI's industrial resilience helps reset forecasts substantially higher

### Change in NAV

€ 5.03 vs 3.41 **+47.8%**

Paradoxically the NAV increase stems less from the repricing of underlying assets than from the superb net cash position booked in 2020 (partly through cuts in WCR). The ability to generate FCF is now confirmed in our 2021 forecasts although there may not be any immediate spending on acquired growth.

### Change in DCF

€ 4.23 vs 2.70 **+56.8%**

The DCF too is helped by the stronger net cash position and the rollover to a strong 2023



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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

<b>Buy</b>	<b>Upside : 75.0%</b>
Target Price (6 months)	€ 4.73
Share Price	€ 2.70
Market Cap. €M	268
Price Momentum	<b>STRONG</b>
Extremes 12Months	1.06 ▶ 2.70
Bloomberg	SFPI FP Equity
Reuters	SFPI.PA

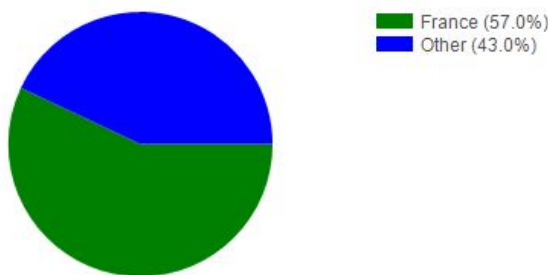

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PERF	1w	1m	3m	12m
SFPI Group	5.68%	16.6%	57.4%	118%
Building Prod. & Materials	1.86%	6.07%	15.1%	53.8%
SXXR Index	1.04%	4.42%	10.3%	25.0%

Last updated: 04/06/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	5.82	10.9	10.2	8.96
Dividend yield (%)	4.45	2.41	2.59	2.78
EV/EBITDA(R) (x)	2.90	4.51	4.12	3.52
Adjusted EPS (€)	0.23	0.25	0.27	0.30
Growth in EPS (%)	44.5	6.79	7.33	13.5
Dividend (€)	0.06	0.07	0.07	0.08
Sales (€M)	499	543	567	588
EBIT margin (%)	5.41	6.40	7.00	7.28
Attributable net profit (€M)	19.8	22.6	24.4	27.9
ROE (after tax) (%)	9.57	9.95	9.93	10.7
Gearing (%)	-16.0	-26.7	-32.1	-35.1

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## Sales by Geography



## Consolidated P&L Accounts

	12/20A	12/21E	12/22E
Sales	€M 499	543	567
Change in sales	% -11.4	8.84	4.35
Change in staff costs	% -9.48	4.50	3.47
EBITDA	€M 48.7	55.9	59.7
<b>EBITDA(R) margin</b>	<b>% 9.76</b>	<b>10.3</b>	<b>10.5</b>
Depreciation	€M -20.2	-21.0	-21.5
Underlying operating profit	€M 28.6	34.9	38.2
<b>Operating profit (EBIT)</b>	<b>€M 27.0</b>	<b>32.2</b>	<b>35.5</b>
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	-9.55	-11.0
Equity associates	€M 0.16	0.20	0.20
Minority interests	€M -0.11	-0.11	-0.11
<b>Adjusted attributable net profit</b>	<b>€M 23.0</b>	<b>24.6</b>	<b>26.4</b>
NOPAT	€M 20.1	25.3	27.7

## Cashflow Statement

	12/20A	12/21E	12/22E
EBITDA	€M 48.7	55.9	59.7
Change in WCR	€M 17.4	-0.55	-4.79
Actual div. received from equity holdi...	€M 0.00	0.00	0.00
Paid taxes	€M -10.2	-9.55	-11.0
Exceptional items	€M		
Other operating cash flows	€M -1.00	-1.00	-1.00
Total operating cash flows	€M 54.9	44.8	42.9
Capital expenditure	€M -11.4	-18.5	-19.3
Total investment flows	€M -11.7	-18.5	-24.3
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	21.1	-12.5
<b>Free cash flow (pre div.)</b>	<b>€M 46.6</b>	<b>26.2</b>	<b>23.4</b>

## Per Share Data

	Mio	99.3	99.3	99.3
No. of shares net of treas. stock (year...				
Number of diluted shares (average)				
<b>Benchmark EPS</b>	<b>€</b>	<b>0.23</b>	<b>0.25</b>	<b>0.27</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.06</b>	<b>0.07</b>	<b>0.07</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 4.23	35%	■ IMI
NAV/SOTP per share	€ 5.03	20%	■ Travis Perkins
EV/Ebitda	€ 5.40	20%	■ Alfa Laval
P/E	€ 5.40	10%	■ GEA Group
Dividend Yield	€ 3.47	10%	
P/Book	€ 5.40	5%	
TARGET PRICE	€ 4.73	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	110	115
Other assets	€M 45.3	46.2	46.2
Total assets (net of short term liab.)	€M 309	315	322
<b>Ordinary shareholders' equity</b>	<b>€M 214</b>	<b>239</b>	<b>252</b>
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
<b>Net debt (cash)</b>	<b>€M -53.3</b>	<b>-74.4</b>	<b>-87.3</b>
Total liab. and shareholders' equity	€M 309	315	322

## Capital Employed

	12/20A	12/21E	12/22E
Capital employed after depreciation	€M 243	245	252

## Profits & Risks Ratios

	%	9.57	9.95	9.93
<b>ROE (after tax)</b>				
ROCE	%	8.29	10.3	11.0
<b>Gearing (at book value)</b>	<b>%</b>	<b>-16.0</b>	<b>-26.7</b>	<b>-32.1</b>
Adj. Net debt/EBITDA(R)	x	-1.09	-1.33	-1.46
Interest cover (x)	x	-8.92	-45.1	-48.4

## Valuation Ratios

	x	5.82	10.9	10.2
<b>Reference P/E (benchmark)</b>				
Free cash flow yield	%	34.8	9.76	8.74
P/Book	x	0.63	1.12	1.07
<b>Dividend yield</b>	<b>%</b>	<b>4.45</b>	<b>2.41</b>	<b>2.59</b>

## EV Calculation

	€M	134	268	268
Market cap				
+ 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	-92.4	-105
+ 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	252	246
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>2.90</b>	<b>4.51</b>	<b>4.12</b>
EV/Sales	x	0.28	0.46	0.43

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 04/06/2021.