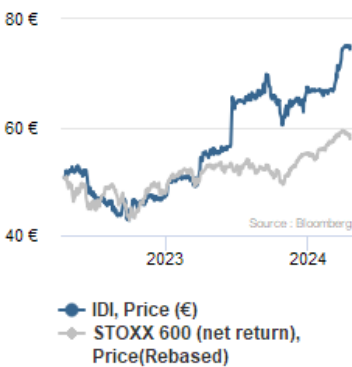


This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Opinion	Buy
Upside (%)	37.3
Price (€)	75
Target Price (€)	103
Bloomberg Code	IDIP FP
Market Cap (€M)	543
Enterprise Value (€th)	-141,472
Momentum	STRONG
Sustainability	3/10

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Conflicts of interest

Corporate broking	No
Trading in corporate shares	No
Analyst ownership	No
Advice to corporate	No
Research paid for by corporate	Yes
Corporate access	No
Brokerage activity at AlphaValue	No
Client of AlphaValue Research	No

IDI

Private equity players buffeted by macro-economic headwinds

PROS

- IDI strikes as a private equity firm more aligned to the interests of its stakeholders as its management has skin in the game at the holding and equity stakes level.
- IDI is not subject to investment time constraints like most PE funds, this flexible approach allows IDI to accompany the investee companies through the whole development process, enhancing value creation.
- IDI's investment model based on engaged and entrepreneurial ownership has proven successful, ensuring stable dividend payments, an attractive yield and a 15% average annual total shareholder return since 1991.

CONS

- As a partnership limited by shares, minority shareholders could suffer from this legal set-up since the value of voting rights is essentially nil.
- Given its small size in absolute terms, IDI may fall below most investors' radars.
- Notwithstanding IDI's proven track record, the current environment is not favorable for private equity players, and valuations could suffer from the rise in interest rates and shrinking multiples.

KEY DATA	12/21A	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	2.57	4.54	6.54	9.18	8.49
Dividend yield (%)	7.58	4.96	4.64	4.00	4.27
EV/EBITDA(R) (x)	28.4	47.3	-57.8	-32.7	-40.7
Adjusted EPS (€)	17.4	11.1	9.22	8.17	8.83
Growth in EPS (%)	290	-36.3	-16.9	-11.4	8.06
Dividend (€)	3.40	2.50	2.80	3.00	3.20
Sales (€th)	5,098	9,798	24,679	30,780	31,284
Dividend contributions margin (%)	70.6	73.8	30.8	25.9	26.8
Attributable net profit (€th)	126,259	80,384	66,785	59,188	63,956
ROE (after tax) (%)	22.3	12.5	9.06	7.42	8.15
Gearing (%)	-5.34	-6.19	-16.9	-29.4	-26.8

Detailed financials at the end of this report

Key Ratios

		12/22A	12/23E	12/24E	12/25E
Adjusted P/E	x	4.54	6.54	9.18	8.49
EV/EBITDA	x	47.3	-57.8	-32.7	-40.7
P/Book	x	0.54	0.54	0.68	0.70
Dividend yield	%	4.96	4.64	4.00	4.27
Free Cash Flow Yield	%	-6.25	-3.78	-2.55	-3.56
ROE (after tax)	%	12.5	9.06	7.42	8.15
ROCE	%	9.19	12.1	10.5	11.1
Net debt/EBITDA	x	3.99	-52.6	-51.7	-71.4

Consolidated P&L

		12/22A	12/23E	12/24E	12/25E
Sales	€th	9,798	24,679	30,780	31,284
EBITDA	€th	-6,739	4,632	4,330	2,693
Underlying operating profit	€th	-6,659	1,999	980	-700
Operating profit (EBIT)	€th	77,960	91,499	81,368	87,727
Net financial expenses	€th	-1,568	-2,452	-2,452	-2,452
Pre-tax profit before exceptional items	€th	76,392	89,047	78,917	85,275
Corporate tax	€th	3,992	-22,262	-19,729	-21,319
Attributable net profit	€th	80,384	66,785	59,188	63,956
Adjusted attributable net profit	€th	80,384	66,785	59,188	63,956

Cashflow Statement

		12/22A	12/23E	12/24E	12/25E
Total operating cash flows	€th	-21,243	-14,074	-11,397	-16,876
Capital expenditure	€th	0.00	0.00	0.00	0.00
Total investment flows	€th	87,567	256,256	18,272	13,436
Dividends (parent company)	€th	-19,959	-19,566	-20,278	-21,726
New shareholders' equity	€th	0.00	0.00		
Total financial flows	€th	-25,147	26,949	-26,501	-28,138
Change in net debt position	€th	41,177	216,573	-19,626	-31,578
Free cash flow (pre div.)	€th	-22,811	-16,526	-13,849	-19,327

Balance Sheet

		12/22A	12/23E	12/24E	12/25E
Goodwill	€th		5,881	5,881	5,881
Total intangible	€th	0.00	5,881	5,881	5,881
Tangible fixed assets	€th	612	1,822	1,913	2,009
Right-of-use	€th	14,501	13,897	13,897	13,897
WCR	€th	-10,137	-13,692	-17,694	-19,444
Total assets (net of short term liabilities)	€th	659,491	589,034	601,489	614,559
Ordinary shareholders' equity (group share)	€th	672,792	801,608	794,254	775,555
Provisions for pensions	€th	506	0.00	0.00	0.00
Net debt / (cash)	€th	-26,918	-243,491	-223,865	-192,287
Total liabilities and shareholders' equity	€th	659,493	589,034	601,489	614,559
Gross Cash	€th	124,295	393,427	373,801	342,223

Per Share Data

		12/22A	12/23E	12/24E	12/25E
Adjusted EPS (bfr goodwill amort. & dil.)	€	11.1	9.22	8.17	8.83
Net dividend per share	€	2.50	2.80	3.00	3.20
Free cash flow per share	€	-3.15	-2.28	-1.91	-2.67
Book value per share	€	92.9	111	110	107
Number of diluted shares (average)	Th	7,242	7,242	7,242	7,242

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Businesses & Trends

IDI is a pioneer in the private equity arena in France, with over 50 years of experience in the field and a particular investment focus on SMEs. IDI is one of the first listed investment companies in France (1991), achieving an annualised IRR (dividends reinvested) of 15% over the past 30 years. Its NAV at the close of H1 21 stood at €577m, with an average discount to NAV of c.30% since 2014.

IDI strikes as a private equity firm effectively more aligned to the interests of its stakeholders than the industry mediocre record in that respect. This is in spite of its resorting to a partnership limited by shares as a legal shell. IDI differs as it has no time constraint and as its management has skin in the game at the holding level as well as at the equity stakes level. Indeed, what sets IDI apart from other private equity players, aside from the fact that most of the investment activity is funded by its own equity capital, is that it operates under a model that is not constrained by time to liquidity that most PE funds are subject to.

On the one hand, this flexible approach allows IDI to accompany the investee companies through the whole development process without having to resort to hasty value-pumping measures in order to appease investors waiting to be paid out. On the other hand, the liberty of not having to adhere to a calendar also allows the company to be agile and seize opportunities when they arise. This may result in IDI exiting investments faster than its more usual investment horizon of five to seven years, to capitalise on favourable market conditions and crystallise higher IRRs.

A resilient flexible investment approach in the face of a crisis

This no-rush approach is conducted by a management team that, all combined, makes up the main shareholder base, accounting for 55% of the share capital, providing plenty of confidence that the company's equity capital is being allocated wisely in order to support long-term value creation. The lack of a liquidation schedule also allows IDI to time its exits better in periods of market downturn — as was the case in 2020 at the height of the Coronavirus pandemic — to capitalise on a subsequent recovery in market multiples to crystallise higher rates of return, which appears to be the case in 2021, judging by the several recent transactions announced since the beginning of the year (with an average IRR of 27.3%).

Demonstrating the resilience of the IDI model in a volatile market environment, as was the case in the midst of the COVID-19 pandemic, is the performance shown in 2020, posting a 6.11% NAV growth rate. This was mainly led by improved fair values of the Private Equity Europe assets (+€36m) and liquid assets (+€12m), with the former benefiting from improved operational performance and higher valuation multiples at the end of the year, as well as the capital gains on the exit of HEA Expertise under very favourable valuation conditions agreed before the sanitary crisis, securing a solid 35% IRR. Even after having invested €32m over the course of 2020, IDI closed the year with a €124m-strong total liquidity position (€142m in FY19), which swiftly rose to

€185m at the end of June 2021, attesting to the continued positive momentum of the portfolio.

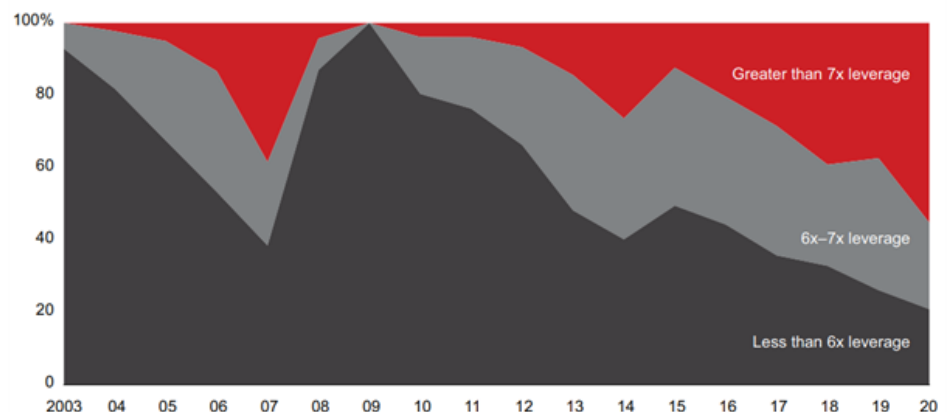
IDI: a hands-on shareholder

In the holding company universe, one can distinguish three different types of management styles of the portfolio: first, there are those that keep their investments at arms-length and are content with collecting periodic dividends, secondly are those that get “down and dirty”, getting directly involved in the operations of their investee companies, which can quickly get complicated when new investments fall in completely different sectors.

Then, there is a third path, to which IDI ascribes to, a hands-on approach as a shareholder, as it is working in close relationship with the investee company's management and getting involved in the supervisory board, but leaving the day-to-day operations to skilled managers who have the valuable knowledge in the respective sectors of activity. This avoids spreading the HoldCo's resources too thin, which increases the likelihood of execution risks.

Regarding investment strategies, IDI specialises in LBO investments as well as growth capital investments in SMEs. The company's judicious investment approach extends to the near zero leverage maintained at the holdings level, with an average gearing ratio for its investments of 2.6x EBITDA in 2020, displaying exceptional prudence in a private equity market that has seen leverage ratios steadily climb for years (and accelerating further in 2020). One can look no further than the US private equity market, where leverage in the LBO market has reached ludicrous levels of more than 6.0x EBITDA in nearly 80% of deals carried out in 2020, as shown in the graphic below coming from Bain & Company's 2021 Global Private Equity Report.

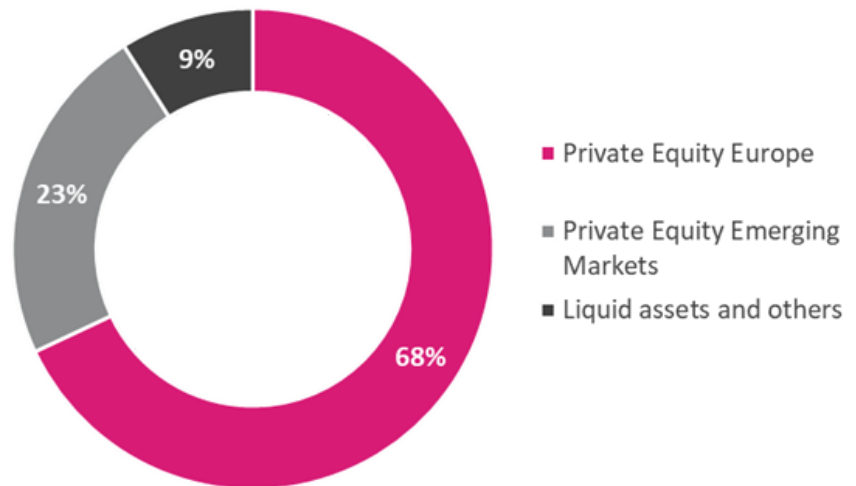
Share of US leveraged buyout market, by leverage level



Source: Refinitiv LPC

In terms of geographical breakdown, the lion's share of the portfolio is Europe-based (France in particular), accounting for 68% of the NAV (as per the FY20 annual report), with the emerging market exposure (9% of the NAV) being run through a third-party capital management model (combined with own equity capital investing) under the IDI Emerging Markets Partners umbrella.

NAV breakdown as of December 2020



Source: IDI Annual FY20 report, AlphaValue

Concerning the size of the investments, IDI being a relatively smaller player in the private equity space, these range between €10 and €50m and can extend up to €150m with family office type co-investors, i.e. not time constrained as well. IDI is flexible in regards to the shareholding size, as its current portfolio includes majority, co-controlled and minority investments, usually determined by the scope of the deal.

An attractive high-growth portfolio

The portfolio is composed of 16 holdings as of September 2021, allocated across a variety of sectors, including many companies present in digitally-native businesses (reminding us of a smaller Kinnevik), which are supported by strong underlying trends with high-growth potential such as media streaming (Dubbing Bros), e-commerce (Group Label), the energy transition (TucEnergy) and social issues like education (Talis) and healthcare (WinnCare Group).

Regarding the more industrial-type businesses like Flex Composite Group, these follow a solution-based approach which bring added value and recurring revenue generation, setting them apart from more commoditised and, hence, cyclical peers. IDI's diversified asset base allows stakeholders to gain exposure to these unlisted, high-potential SMEs that may fall under the radar of equity investors.

Divisional Breakdown Of Revenues

	Sector	12/22A	12/23E	12/24E	12/25E	Change 23E/22		Change 24E/23E	
						€th	of % total	€th	of % total
Total sales		9,798	24,679	30,780	31,284	14,881 ↑	100%	6,101 ↑	100%
PE Europe	Holding Companies	5,950	6,248	6,560	6,560	298 ↑	2%	312 ↑	5%
PE Emergents	Holding Companies	3,452	3,625	3,806	3,806	173 ↑	1%	181 ↑	3%
Actifs Liquides	Invest Mgt-Advis Serv	144	151	159	159	7 ↑	0%	8 ↑	0%
Other		252	14,656	20,256	20,760	14,404 ↑	97%	5,600 ↑	92%

Key Exposures

	Revenues	Costs	Equity
Dollar	25.0%	25.0%	25.0%
Emerging currencies	0.0%	0.0%	0.0%
Euro	75.0%	75.0%	75.0%
Long-term global warming	0.0%	0.0%	0.0%

Sales By Geography

Europe	72.0%
Other	28.0%

We address exposures (eg. how much of the turnover is exposed to the \$) rather than sensitivities (say, how much a 5% move in the \$ affects the bottom line). This is to make comparisons easier and provides useful tools when extracting relevant data.

Actually, the subject is rather complex on the ground. The default position is one of an investor managing in €. An investor in £ will obviously not react to a £ based stock trading partly in € as would a € based investor. In addition, certain circumstances can prove difficult to unravel such as for eg. a € based investor confronted to a Swiss company reporting in \$ but with a quote in CHF... Sales exposure is probably straightforward but one has to be careful with deep cyclicals. Costs exposure is a bit less easy to determine (we do not allow for hedges as they can only be postponing the day of reckoning). How much of the equity is exposed to a given subject is rarely straightforward but can be quite telling. In addition, subjects are frequently intertwined. A \$ exposure may encompass all revenues in \$ pegged currencies and an emerging currency exposure is likely to include \$ pegged currencies as well.

Exposure to global warming issues is frequently indirect and may require to stretch a bit imagination.

Money Making

IDI's holdings are not consolidated, regardless of the size of the stake held (majority or co-controlled), hence the company's accounts reflect solely the activity at the holding company level. Based on his pure-play investment company structure, the P&L is not particularly elucidating and is thus of lesser importance compared to the NAV, which stands as the chief performance indicator for this type of structure.

Focusing on cash generation, as is the case for pure investment companies, the lion's share of the cash stems from exits from investments and the capital gains realised from the sales. These capital gains are accounted for under 'Changes in fair value of financial assets', which comprises both realised and unrealised gains, which evidently carry very different cash implications. In 2020, changes to fair value of assets amounted to €39.6m, accounting for 91.6% of the result from investment activities.

In terms of recurring income, the main source comes from the dividend upstream from portfolio companies that pay out dividends, which is usually the case for the more mature larger assets. In 2020, IDI received €3.5m in dividend inflows, of which 76% (€2.7m) from investee companies under the Private Equity Europe segment.

Although marginal, the third-party capital management activity nesting in the IDI Emerging Markets Partners subsidiary also generates interest income from the invested AUMs, which, when combined with the carried interest earned from these funds, makes it the third — though quite minor — source of cash for the holding company. In 2020, interest income amounted to €108k, with the PE Emergents segments representing 57% of the result (€62k).

Attractive dividend yield stands out from peers

IDI's flexible investment approach supports its ability to identify the best time for exits, allowing the company to achieve high IRRs (averaging 15-25% for its PE Europe activity) and realise sizeable capital gains. This, combined with a disciplined stance on maintaining an average share of 20% of liquid assets & cash in the portfolio, is translated into a robust dividend policy that is able to withstand a volatile market environment (to the benefit of the family-owners and minority shareholders alike); which was the case in 2020. Despite the impact of the global pandemic, IDI was able to distribute a dividend of €1.50 per share (modestly cut from a pre-pandemic proposal of €1.90), which represented a solid 5.0% dividend yield. This compared quite favourably to the 3.1% dividend yield averaged across holding companies under our coverage last year.

When market conditions improve, IDI is also keen to follow with more generous dividend pay-outs, which helps support IDI's case as an alluring investment proposition for investors that value attractive and dependable dividends as part of improving shareholder returns. Motivated by the successful disposals carried out in H1 21, and a €185m-strong liquidity position at the close of H1, the HoldCo decided to distribute a €1.10 per share interim dividend at the end of

September, ahead of the final dividend proposal on the FY21 results (to be decided at the next AGM in 2022). We currently expect a €2.10 dividend per share, which would correspond to a 5.10% yield, well above the 2.3% average yield that we forecast for its holding company peers.

Divisional Dividend contributions

	12/22A	12/23E	12/24E	12/25E	Change 23E/22		Change 24E/23E	
					€th	of % total	€th	of % total
Total	7,231	7,593	7,972	8,371	362 ↑	100%	379 ↑	100%
PE Emergents	3,386	3,555	3,733	3,920	169 ↑	47%	178 ↑	47%
Actifs Liquides	144	151	159	167	7 ↑	2%	8 ↑	2%
PE Europe	3,701	3,886	4,080	4,284	185 ↑	51%	194 ↑	51%
Other/cancellations	0.00	0.00	0.00	0.00	0 ↑	0%	0 ↑	0%

Divisional Dividend contributions margin

	12/22A	12/23E	12/24E	12/25E
Total	73.8%	30.8%	25.9%	26.8%
PE Emergents	98.1%	98.1%	98.1%	103%
Actifs Liquides	100%	100%	100%	105%
PE Europe	62.2%	62.2%	62.2%	65.3%

Valuation

The basis of our valuation starts with the NAV, which is estimated as an aggregate of the individual valuation of the 16 participations (as of September 2021) in the portfolio, segmented in IDI's two operating pillars, Private Equity Europe and Private Equity Emergents. Compared to IDI's understandably conservative valuation, we see substantial upside potential from its diversified roster of assets, as shown by the over 50% discount to our estimated NAV.

Being a pure-play investment company with no consolidated activities outside the parent, the DCF is not particularly elucidating when it comes to valuing this type of holding company structure. As a result, the DCF solely reflects the dividend flows from investee companies, since trying to estimate cash entries from potential disposals seems too vague of an exercise given IDI's investment profile, which is not subject to fund liquidation schedules like the majority of its private equity peers do. This was the case in 2020, where due to an unfavourable market environment brought by the COVID-19 pandemic, management held back on disposals, having just carried out the sale of HEA Expertise in April 2020 on conditions agreed before the sanitary and economic crisis (and realising a solid 35% IRR on its investment).

Regarding the peer metrics valuation, the approach is much more clear-cut. We base it on a group of family-type holding companies with a control/hands-on style in the management of the underlying assets. With many having assets in their respective portfolios that follow a service-based focus, which supports added value ambitions and recurring revenue generation, setting them apart from more commoditised and, hence, cyclical peers. The yield-based valuation jumps out, presenting a 2x upside potential, justified by IDI's solid 5.1% dividend yield expected for FY21, compared to a modest 2.0% for its peers.

Please also read section 'Worth Knowing' about the impact of the SCA status on valuation

Valuation Summary

Benchmarks		Values (€)	Upside	Weight
NAV/SOTP per share		87.7	17%	55%
Dividend Yield	Peers	150	100%	20%
DCF		60.9	-19%	10%
P/E	Peers	150	100%	10%
P/Book	Peers	73.2	-2%	5%
Target Price		103	37%	

Comparison based valuation

Computed on 18 month forecasts	P/E (x)	P/Book (x)	Yield(%)
Peers ratios	35.6	0.67	1.98
IDI's ratios	8.90	0.69	4.10
Premium	-33.0%	0.00%	0.00%
Default comparison based valuation (€)	150	73.2	150
Bolloré	60.1	0.71	0.97
GBL	ns	0.47	3.64
Ackermans & van Haaren	10.7	1.01	2.14
Wendel	19.0	1.31	3.66
Kinnevik Investment	166	0.67	0.00
Corporacion Financiera Alba	11.0	0.58	2.13

DCF Valuation Per Share

WACC	%	8.81	Avg net debt (cash) at book value	€th	-233,6...
PV of cashflow FY1-FY11	€th	-115,1...	Provisions	€th	3,649
FY11CF	€th	-20,901	Unrecognised actuarial losses (gains)	€th	0.00
Normalised long-term growth "g"	%	2.00	Financial assets at market price	€th	450,700
Sustainability "g"	%	1.60	Minorities interests (fair value)	€th	8.00
Terminal value	€th	-289,7...	Equity value	€th	441,090
PV terminal value	€th	-124,5...	Number of shares	Th	7,242
<i>PV terminal value in % of total value</i>	%	52.0	Implied equity value per share	€	60.9
Total PV	€th	-239,6...	Sustainability impact on DCF	%	1.69

Assessing The Cost Of Capital

Synthetic default risk free rate	%	3.50	Company debt spread	bp	0.00
Target equity risk premium	%	5.00	Marginal Company cost of debt	%	3.50
Tax advantage of debt finance (normalised)	%	25.0	Company beta (leveraged)	x	0.71
Average debt maturity	Year	5	Company gearing at market value	%	-44.8
Sector asset beta	x	1.06	Company market gearing	%	-81.3
Debt beta	x	0.00	Required return on geared equity	%	7.03
Market capitalisation	€th	543,150	Cost of debt	%	2.63
Net debt (cash) at book value	€th	-243,4...	Cost of ungeared equity	%	8.81
Net debt (cash) at market value	€th	-243,4...	WACC	%	8.81

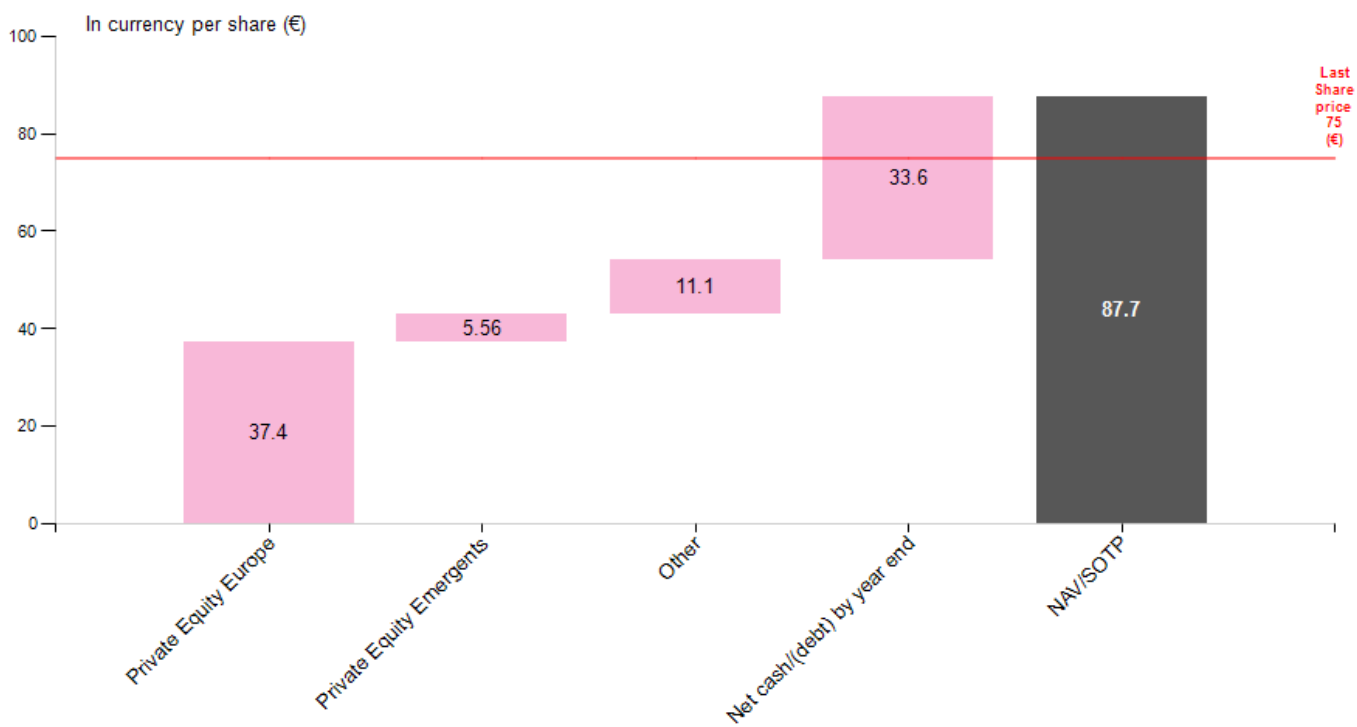
DCF Calculation

		12/22A	12/23E	12/24E	12/25E	Growth	12/26E	12/33E
Sales	€th	9,798	24,679	30,780	31,284	2.00%	31,910	36,654
EBITDA	€th	-6,739	4,632	4,330	2,693	2.00%	2,746	3,155
<i>EBITDA Margin</i>	%	<i>-68.8</i>	<i>18.8</i>	<i>14.1</i>	<i>8.61</i>		<i>8.61</i>	<i>8.61</i>
Change in WCR	€th	-17,319	3,555	4,002	1,750	2.00%	1,785	2,051
Total operating cash flows (pre tax)	€th	-25,235	8,187	8,332	4,443		4,532	5,205
Corporate tax	€th	3,992	-22,262	-19,729	-21,319	2.00%	-21,745	-24,978
Net tax shield	€th	-392	-613	-613	-613	2.00%	-625	-718
Capital expenditure	€th	0.00	0.00	0.00	0.00	2.00%	0.00	0.00
<i>Capex/Sales</i>	%	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>		<i>0.00</i>	<i>0.00</i>
Pre financing costs FCF (for DCF purposes)	€th	-21,635	-14,687	-12,010	-17,489		-17,839	-20,491
Various add backs (incl. R&D, etc.) for DCF purposes	€th							
Free cash flow adjusted	€th	-21,635	-14,687	-12,010	-17,489		-17,839	-20,491
Discounted free cash flows	€th	-21,635	-14,687	-11,037	-14,771		-13,846	-8,805
Invested capital	€	636	569	579	592		604	694

NAV/SOTP Calculation

	% owned	Valuation technique	Multiple used	Valuation at 100% (€th)	Stake valuation (€th)	In currency per share (€)	% of gross assets
Private Equity Europe	100%	AlphaValue valuation		270,600	270,600	37.4	69.2%
Private Equity Emerg...	100%	NAV		40,300	40,300	5.56	10.3%
Other					80,400 ⁽¹⁾	11.1	20.5%
Total gross assets					391,300	54.0	100%
Net cash/(debt) by year end					243,491	33.6	62.2%
Commitments to pay							
Commitments received							
NAV/SOTP					634,791	87.7	162%
Number of shares net of treasury shares - year end (Th)					7,242		
NAV/SOTP per share (€)						87.7	
Current discount to NAV/SOTP (%)						14.4	

1. Corresponds to other non-cash liquid assets.



Debt

IDI exemplifies a conservative approach to leverage, a rarity among private equity peers, by not recurring to debt at the holding company level in order to fund its acquisitions. It also monitors judiciously the leverage ratios of its portfolio companies, standing at a prudent 2.6x net debt/EBITDA at the close of 2020, compared to an average of 5.8x for European PE-sponsored deals last year. It is important to note that, even in the case that one of the participations runs into difficulties, the holdings are siloed so as to not impact any of the other assets nor IDI itself.

The company made use of a single €15m credit facility at the end of 2020. Overall, gross debt on the consolidated accounts amounted to €86.1m at the end of June 2021 (it stood at €129.5m at close of 2020), but this mainly corresponds to intra-group current accounts and a small portion in uncalled capital commitments on the IDI Emerging Markets funds. IDI maintains a net cash position, and held €184.5m in cash and liquid assets in H1 21, increasing from €123m in December 2020.

As part of its investment strategy, IDI maintains a healthy level of liquid assets as a percentage of the total portfolio, averaging c.20% historically (23% in 2020, down from 27% in 2019).

Detailed financials at the end of this report

Funding - Liquidity

		12/22A	12/23E	12/24E	12/25E
EBITDA	€th	-6,739	4,632	4,330	2,693
Funds from operations (FFO)	€th	-5,691	-20,081	-17,851	-21,078
Ordinary shareholders' equity	€th	672,792	801,608	794,254	775,555
Gross debt	€th	97,377	149,936	149,936	149,936
+ Gross Cash	€th	124,295	393,427	373,801	342,223
= Net debt / (cash)	€th	-26,918 ⁽¹⁾	-243,491 ⁽¹⁾	-223,865	-192,287
Gearing (at book value)	%	-6.19	-16.9	-29.4	-26.8
Equity/Total asset (%)	%	102	136	132	126
Adj. Net debt/EBITDA(R)	x	3.99	-52.6	-51.7	-71.4
Adjusted Gross Debt/EBITDA(R)	x	-15.0	33.2	35.5	57.2
Adj. gross debt/(Adj. gross debt+Equity)	%	13.1	16.1	16.2	16.6
Ebit cover	x	-4.25	0.82	0.40	-0.29
FFO/Gross Debt	%	-5.62	-13.1	-11.6	-13.7
FFO/Net debt	%	21.1	8.25	7.97	11.0
FCF/Adj. gross debt (%)	%	-22.5	-10.8	-9.01	-12.6
(Gross cash+ "cash" FCF+undrawn)/ST debt	x	2.46	7.17	6.85	6.14
"Cash" FCF/ST debt	x	-0.56	-0.31	-0.26	-0.37

1. Includes all current and non-current financial debt minus cash, short-term placements, as well as the fair value of liquid assets, which historically averages at c.20% of the total portfolio.

Worth Knowing

IDI's inception as a standalone investment corporation was rather unique in that it came from a privatisation process back in 1988 when France put an end to its vision of socialism. The then and still CEO saw an opportunity to list IDI and organise for himself to become a reference shareholder.

One legal device was to set up in 1990 a *commandite par actions* (SCA), i.e. a partnership limited by shares. The *Associés Commandités* are the general partners: they have the power and shoulder all risks (rather a nominal concept these days). This legal set up in effect splits the economic interests and the decision-making process as the voting rights held by the 'associés commanditaires' provide them with no leverage to unseat the management/general partners. French 'commandites' are very robust/difficult to break. So that the value of voting rights is essentially nil with no simple formula to assess how much of a discount this creates on the valuation. As for anything listed, the lack of voting rights is only relevant when the going gets rough and when markets are risk averse.

When money is cheap and the sky is blue, hope reigns supreme and voting rights do not matter. The point here is really that the SCA structure is a negative but that it need not have a great impact in current market conditions. A limited number of occurrences, spread over decades, whereby an SCA becomes a limited company (SA) does not provide much light on the implied discount of holding a share in an SCA as opposed to a SA.

At IDI, the *Associés Commandités* (general partners) take the form of a corporation named Ancelle et Associés. The control of Ancelle provides the control of IDI. Ancelle as the *Associé Commandité* will provide limitless guarantees to debtors of IDI while other shareholders' risk are limited to their ownership. The indefinite risk of Ancelle is obviously a very limited one in real life as IDI's business is indeed not to pile up debt and risks at the corporate level. Obviously, as well, the fact that the general partner is a corporate entity means that risks are also absorbed at this level.

See Governance section to review this dimension

Shareholders

Name	% owned	Of which % voting rights	Of which % free to float
Ancelle & Associés	67.8%	85.5%	0.00%
Allianz IARD	5.26%	3.29%	5.26%
Apparent free float			32.2%

Sustainability

AlphaValue's automated Sustainability scoring is not applicable to IDI, given that several data inputs necessary for the computation of the Environment and Social scores do not pertain nor apply to holding company-type structures such as IDI. Hence, the Sustainability score calculation is not relevant in this issuer's case.

Sustainability score

Sustainability is made of analytical items contributing to the E, the S and the G, that can be highlighted as sustainability precursors and can be combined in an intellectually acceptable way. This is the only scale made available

	Score	Weight
Governance		
Independent directors rate	5/10	25%
Board geographic diversity	0/10	20%
Chairman vs. Executive split	✓	5%
Environment		
CO ² Emission	1/10	25%
Water withdrawal	1/10	10%
Social		
Wage dispersion trend	0/10	5%
Job satisfaction	3/10	5%
Internal communication	10/10	5%
Sustainability score	2.9/10	100%

Governance & Management

The four active managers are part of an executive committee. Checks and balances are provided by a supervisory board of 11 members (six of whom we judge as independent based on AlphaValue's criteria) with three of them sharing responsibilities on an Audit committee.

The supervisory board has a limited sway as, ultimately, the general partner (Ancelle et Associés; see *Worth Knowing*) has all the power. Ancelle is as per the by-laws not represented on the supervisory board but two members of the controlling family (Langlois-Meurine) have seats.

Governance score

Company (Sector)









5.1 (5.2)

Independent board























Yes

Parameters	Company	Sector	Score	Weight
Number of board members	11	10	7/10	5.0%
Board feminization (%)	45	34	9/10	5.0%
Board domestic density (%)	100	67	0/10	10.0%
Average age of board's members	59	59	6/10	5.0%
Type of company : Small cap, controlled			4/10	10.0%
Independent directors rate	54	43	5/10	20.0%
One share, one vote			✗	10.0%
Chairman vs. Executive split			✓	0.0%
Chairman not ex executive			✓	5.0%
Full disclosure on mgt pay			✓	5.0%
Disclosure of performance anchor for bonus trigger			✗	5.0%
Compensation committee reporting to board of directors			✗	5.0%
Straightforward, clean by-laws			✓	15.0%
Governance score			5.1/10	100.0%

Management

Name	Function	Birth date	Date in	Date out	Compensation, in k€ (year)	
					Cash	Equity linked
Christian LANGLOIS-MEURINNE	M   CEO	1944	1971		(2022)	
Julien BENTZ	M   Managing Partner	1975	2005		(2022)	
Marco DE ALFARO	M   Partner	1961	2004		(2022)	
Tatiana NOURISSAT	F   General Secretary	1969	2004		(2022)	

Board of Directors

Name		Indep.	Function	Completion of current mandate	Birth date	Date in	Date out	Fees / indemnity, in k€ (year)	Value of holding, in k€ (year)
Luce GENDRY	F	 	President/Chairman of th...	2023	1950	2008		20.0 (2022)	
Gilles BABINET	M	 	Member	2022	1967	2019		9.00 (2022)	(2022)
Nathalie BALLA	F	 	Member	2023	1967	2021		(2022)	
Philippe CHARQUET	M	 	Member	2023	1963	2011		17.0 (2022)	
Grégoire CHERTOK	M	 	Member	2023	1966	2017		(2022)	
Aimery LANGLOIS-MEURINNE	M	 	Member	2023	1943	2008		9.00 (2022)	
Iris LANGLOIS-MEURINNE	F	 	Member	2023	1976	2017		9.00 (2022)	
Domitille MEHEUT	F	 	Member	2023	1973	2014		14.0 (2022)	
Hélène MOLINARI	F	 	Member	2023	1963	2020		14.0 (2022)	
Corentin PETIT	M	 	Member	2023	1986	2021		(2022)	
Jacques RICHIER	M	 	Member	2023	1955	2016		0.00 (2022)	

Environment

AlphaValue's automated Environment scoring is not applicable to IDI, given that several data inputs necessary for the computation of the Environment score do not pertain nor apply to holding company-type structures such as IDI.

Environmental score

Data sets evaluated as trends on rolling calendar, made sector relative

Parameters	Score	Sector	Weight
CO ² Emission	1/10	5/10	30%
Water withdrawal	1/10	3/10	30%
Energy	1/10	4/10	25%
Waste	1/10	3/10	15%
Environmental score	1.0		100%































Company (Sector)

1.0 (3.6)







Environmental metrics

	2021	Company 2022	2023	2024
	1.3	1.0	1.1	1.0

Sector figures

Company	Country	Environment score	Energy (total, in GJ)	CO ₂ Emissions (in tons)	Water Withdrawal (in m ³)	Waste (total, in tons)
En+		3/10	367,200,000	53,700,000	992,900,000	199,946,600
DWS		4/10		2,126		
Adyen		3/10	n/a	4,561	n/a	n/a
Nexi		5/10	235,296	14,960	857,400	2,246
HBM Healthcare Investments		1/10				
IDI		1/10				
Pluxee		1/10				
Wise		4/10	12,565	868	n/a	227
Prosus		2/10	n/a	21,736	n/a	n/a
EdenRed		4/10	46,152	8,474	32,312	478
Vivendi		9/10	558,490	34,589	28,548	20,237
Deutsche Boerse		7/10	303,076	9,227	74,633	20
Porsche SE		1/10				
Bouygues		4/10	5,466,499	1,900,000	1,000,000	
GBL		4/10		150		
Investor		7/10	3,668	69		49
Hal Trust		1/10				
Heineken Holding		7/10	8,287,200	1,478,000	92,500,000	5,238,188
London Stock Exchange Group		10/10	593,842	5,617	89	3,331
Eurazeo		7/10	9,827,411	771,602	36,311,694	40,627
Industrivärden		4/10		26		
Corporacion Financiera Alba		10/10	29,952	3,729	39,883	19,701
Kinnevik Investment		6/10	590	11	n/a	n/a
Sonae		8/10	2,902,000	171,598	2,185,426	102,446
Ackermans & van Haaren		2/10		672,792		
Partners Group		1/10		578,076	2,374,472	
Exor		3/10		351,370		
Bolloré		10/10	979,880	347,629	1,463,062	37,675
Wendel		4/10		173		
D'leteren Group		6/10	1,952,302	145,291		166,600

IDI (Buy)

Tessenderlo Group		3/10	13,530,000			19,000,000	n/a
MPC Capital		1/10					
Deutsche Beteiligungs AG		1/10		210			
Amundi		9/10	77,645	4,875		29,764	161
Euronext NV		4/10	23,522	6,687		253,892	
Worldline		10/10	278,094	9,109		17,372	2,092

Social

AlphaValue's automated Social scoring is not applicable to IDI, given that several data inputs necessary for the computation of the Social score do not pertain nor apply to holding company-type structures such as IDI.

Social score

Company (Sector)

3.9

(5.6)

Quantitative metrics (67%)

Set of staff related numerical metrics available in AlphaValue proprietary modelling aimed at ranking on social/HR matters

Parameters	Score	Weight
Staffing Trend	1/10	20%
Average wage trend	7/10	35%
Share of added value taken up by staff cost	1/10	25%
Share of added value taken up by taxes	1/10	20%
Wage dispersion trend	0/10	0%
Pension bonus (0 or 1)	0	
Quantitative score	3.1/10	100%

Qualitative metrics (33%)

Set of listed qualitative criterias and for the analyst to tick

Parameters	Score	Weight
Accidents at work	10/10	25%
Human resources development	5/10	35%
Pay	0/10	20%
Job satisfaction	3/10	10%
Internal communication	10/10	10%
Qualitative score	5.6/10	100%

AlphaValue analysts tick boxes on essential components of the social/HR corporate life. Decision about ticking Yes or No is very much an assessment that combines the corporate's communication on relevant issue and the analyst's better judgment from experience.

Qualitative score

Parameters	Yes ✓ / No ✗	Weight
Accidents at work		25%
Set targets for work safety on all group sites?	✓	10.0%
Are accidents at work declining?	✓	15.0%
Human resources development		35%
Are competences required to meet medium term targets identified?	✓	3.5%
Is there a medium term (2 to 5 years) recruitment plan?	✗	3.5%
Is there a training strategy tuned to the company objectives?	✗	3.5%
Are employees trained for tomorrow's objectives?	✗	3.5%
Can all employees have access to training?	✗	3.5%
Has the corporate avoided large restructuring lay-offs over the last year to date?	✓	3.5%
Have key competences stayed?	✓	3.5%
Are managers given managerial objectives?	✓	3.5%
If yes, are managerial results a deciding factor when assessing compensation level?	✓	3.5%
Is mobility encouraged between operating units of the group?	✗	3.5%
Pay		20%
Is there a compensation committee?	✗	6.0%
Is employees' performance combining group AND individual performance?	✗	14.0%
Job satisfaction		10%
Is there a measure of job satisfaction?	✗	3.3%
Can anyone participate ?	✓	3.4%
Are there action plans to prop up employees' morale?	✗	3.3%
Internal communication		10%
Are strategy and objectives made available to every employee?	✓	10.0%
Qualitative score	5.6/10	100.0%

Staff & Pension matters

IDI's portfolio holdings have never been consolidated, hence staff costs are limited to the holding company and its 14 employees (as of 2021). Staff expenses amounted to €1.97m in 2020.

Recent updates

15/03/2024

FY23: IDI rewards its shareholders

Earnings/sales releases

After 2 successive years of solid results, IDI delivered another set of impressive earnings in FY-23, marked by an 11% increase in NAV. The positive developments were driven by the robust operating performance of the Private Equity Europe portfolio and brilliant divestments in spite of the unfavourable environment. IDI is spoiling its shareholders with a dividend of €5 per share (incl. €2.25 extraordinary) and confirms that it is uniquely aligned with their interests by paying off handsomely thanks to successful investments not marred by time constraints.

Fact

Key FY-23 figures

- IDI ended the year with an NAV of €732.4m in 2023, corresponding to a NAV per share of €96.86, representing growth of 11.4% yoy, corresponding to a c.30% discount to NAV.
- IDI recorded a net profit of €70.8m, down 12% yoy, but above our expectations.
- 2023 was a dynamic year for IDI, which completed 21 transactions, including 4 new acquisitions, 6 disposals, 1 disposal/reinvestment and 10 build-ups in its portfolio.
- IDI ended the year with a considerable investment capacity (net of debt) of €382.6m or about 50% of its NAV.
- Based on its strong results, IDI will propose, in addition to its ordinary dividend of €2.75 per share (+10% yoy), an extraordinary dividend of €2.25, bringing the total dividend to €5. The ordinary dividend is in-line with IDI's policy of 3% of its NAV and 4.57% of its average share price in 2023.

Analysis

IDI ended 2023 with solid NAV growth of 11.4% yoy to €732.4m or €96.86 per share, bringing the discount to NAV to 30%. This increase was achieved thanks to the good performance of the Private Equity Europe portfolio and to significant disposals carried out under attractive terms in spite of the unfavourable environment.

In 2023, IDI's most notable disposal was the sale of Flex Composite Group to Michelin for an EV of €700m, i.e. 12x its initial investment and an IRR of 38%, completed on 27 September 2023. Another noteworthy transaction was the sale of Ateliers de France last December for 2.1x IDI's initial investment and an IRR of 13%. Total sale proceeds for Private Equity Europe amounted to more than €380m and achieved a cumulative return of 4.3x, a solid execution magnifying shareholder returns, as was the case in 2018 and 2021. The €5 dividend highlights this point.

The excellent 2023 delivery vindicates, if it were needed, the quality and uniqueness of IDI's business model which is to offer access to private equity riches at a very low entry cost (just buy a share) and with superior odds of profits as IDI is not time constrained. Where PE is in most cases a leverage exercise imposed to investees, IDI puts up its equity with no time constraint and an ammunition to keep on investing in the growth plans of investees. This is compounded by the fact that the whole investment team has skin in the game, just like ordinary minority shareholders. The proof is in the return pudding at 16% per annum since 2011.

Solid financial standing to keep on sailing

The liquidity position at the close of 2023 gives IDI the financial flexibility to pursue new investment opportunities in 2024. In fact, IDI ended the year with a record investment capacity (net of debt) of €382.6m (vs. €123.8m in 2022) to which is added a €30m investment loan of which €16m has been drawn down, an undrawn €30m revolving loan and a €5m overdraft facility. IDI concentrates on €25m to €60m investments with less than €25m ones being managed by idiCo which deploys third-party money (€1bn AuM to date). The outcome is that little of what goes on in the mid- to small-cap segments in France escapes IDI's eye. It is thanks to its 33 years of existence uniquely well-positioned to assess timing and valuation and above all IDI is in no need to rush, as would be the case for traditional PE funds with burning pockets.

Making progress on the ESG front

On the ESG front, IDI continues to make impressive progress on its commitments. In particular, the HoldCo produced its first ESG report in 2023, with reporting on all the holdings of its portfolio, as well as a carbon footprint for IDI and most of its holdings based on 2022 data. It is quite remarkable that all investee companies abided to IDI's request.

IDI's management also stated clearly that they would no longer invest in a company which was not willing to come clean on ESG data.

In addition, the vast majority of IDI's employees are shareholders in IDI, with 7% of the capital, which reinforces employees' commitment to the company's results and performance.

Impact

We will revalue the underlying companies to estimate our net asset value with revised peer group multiples. We will incorporate the FY23 figures into our model and carry forward our estimates to 2026. The strong FY23 results, together with IDI's substantial investment capacity and strong investment activity, underpin our positive view of the stock as an attractive long-term investment.

28/11/2023

Ending Q3 with firepower at its peak

Earnings/sales releases

IDI enjoyed another active quarter. Although the NAV has fallen slightly qoq (-0.9%) since June 30, 2023 (note that only the liquid assets and listed securities were revalued), it has nevertheless risen by 11.4% YTD for the first 9 months of 2023, reflecting the strength of IDI's business model. 2023 is proving to be a banner year for IDI, which has completed a number of structuring transactions, including the creation of a third-party asset management business via ildiCo, and the sale of Flex Composite Group to Michelin at a stellar cash-on-cash multiple of 12x. With investment capacity at record levels, IDI is in a prime position going forward.

Fact

- IDI's NAV came to €724.5m (or €96.85 per share) as of September 2023 corresponding to a c.0.9% decrease qoq, although only the liquid assets and listed securities were revalued. YTD, the NAV increased by 11.4%.
- IDI, alongside Andera Partners, has announced that it completed the sale of Flex Composite Group, in which the initial investment was €23.2m in 2015, for an enterprise value of €700m, representing 12x the initial investment or an IRR of 38%, on 27 September 2023.
- As of September 2023, IDI has an investment capacity net of debt of €325m, compared with €74.1m at the end of H1-23.
- Over the quarter, IDI announced 4 deals including 1 acquisition, 1 divestment and 2 build-ups.

Analysis

Significant growth in the NAV YTD

This morning, IDI published its NAV as of September 2023. Although the NAV declined slightly by 0.9% qoq from €730.7m (€97.73 per share) to €724.5m (or €96.85 per share), investors have no reason to worry about NAV progression over 2023, all the more so in that only the active liquid assets and listed securities were revalued during the third quarter. 2023 augurs well for NAV growth reaching 11.4% YTD.

Still no fragility amidst the adverse market conditions

While the main private equity players continue to suffer from the difficult environment in terms of both financing and deal flow, IDI shows no signs of fragility in its portfolio rotation. YTD, IDI has completed 14 deals, including 5 disposals, 4 external growth transactions and 5 acquisitions. Among IDI's most notable transactions were the completion of the acquisition of 40% of Omnes' energy transition and innovation activities, the creation of ildiCo, and the sale of Flex Composite Group to Michelin for an EV of €700m, i.e. 12x its initial investment and an IRR of 38%, completed on 27 September 2023. In addition to these transactions, IDI also saw (i) the disposal and subsequent reinvestment in Freeland, (ii) the investment in the major European player in the hybrid turf market, Natural Grass and (iii) the disposal of Fidinav, a group specialising in the maritime transportation of dry bulk, for an IRR of 6%.

With 2023 already well underway for IDI, the third quarter saw four new transactions, including (i) IDI's acquisition of a majority stake (c.90%) in Prevost Laboratory Concept, a laboratory and manufacturer (CDMO) of cosmetics products and food supplements, (ii) the sale of VOIP, a BtoB telecoms operator, and (iii) two external growth transactions for Group Positive and CDS Groupe.

Strong firepower following the sale of FCG

Following the sale of FCG, IDI has substantially improved its investment capacity net of debt, rising from €74.1m in H1-23 to €325m in September 2023, which should enable it to sustain its strong investment momentum and seize opportunities in 2024.

We reiterate our views expressed at the H1-2023 stage: IDI's buoyant investment activity at a time when the private equity landscape had been expected to be hit by the slowdown in deal flow and cutbacks in financing, makes IDI a compelling long-term play.

Impact

This release should not have a material impact on our estimates.

26/10/2023

Adjustment following the completion of the sale of Flex Composite Group

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

28/09/2023

Masters the value creation playbook

M&A /Corp. Action

IDI announced today that it has completed, alongside Andera Partners, the sale of Flex Composite Group to Michelin. This operation, unveiled in June, will enable IDI to realise a capital gain of around €255m and to pocket close to €278m, corresponding to an investment multiple of 12 times the initial €23.2m outlay. Not only will this deal fill IDI's pockets, it also further demonstrates IDI's ongoing ability to create value.

Fact

- IDI made its first investment in Flex Composite Group for €23.2m back in 2015.
- At the end of 2022, IDI held 63.39% of the group alongside Andera Partners – a minority investor.
- IDI and Andera Partners announced an agreement to sell the entire Flex Composite Group to Michelin for an enterprise value of €700m on 18 June 2023.
- IDI and Andera Partners completed the sale agreement on 27 September 2023.
- With this transaction, IDI achieves a multiple of 12x and an IRR of 38%.

Analysis

A masterstroke which radically changes IDI's investment power

After announcing an agreement to sell Flex Composite Group alongside Andera Partners on 18 June, IDI reported today that it has completed the transaction. Flex Composite Group will join Michelin's portfolio for an enterprise value of €700m. As a reminder, IDI acquired a stake in the group back in 2015 for €23.2m and holds, as of December 2022, 63.39% of the group alongside Andera Partners as a minority shareholder. With this operation, IDI will complete a stellar cash-on-cash multiple of 12x its initial investment, i.e. around €278m, corresponding to a capital gain of €255m and an IRR of 38%. This deal will therefore significantly line IDI's pockets, enabling it to finance new investments. We estimate that, after this transaction, IDI should have a net cash position of around €352m.

Back to Flex Composite Group

As mentioned in our last paper, Flex Composite Group is a European leader in the design, manufacture and distribution of advanced composite materials. The group is now made up of three divisions: i) Engineered fabrics, the technical coated fabrics division, ii) Carbon fabrics and technical composites Composite Materials, and iii) a thermoplastic films division, Technical Films, all of which have enabled it to achieve sales of c.€200m in 2022. Starting in 2015 up to 2022, through IDI's support of its development, FCG has generated an operating margin of between 25% and 30% and average organic growth of 11%.

Michelin's acquisition of FCG and integration into its High Tech Materials division is in line with Michelin's ambition to create a world leader in advanced composite materials. Michelin aims to combine the strengths of FCG and Michelin in R&D, but also geographically.

FY 2023 outlook

Since 1 January 2023, IDI has completed or announced 14 transactions, including 5 disposals, 4 external growths and 5 acquisitions: the acquisition of a 40% stake in Omnes' energy transition and innovation activities, the creation of 100% IdiCo (now fully consolidated), the disposal and subsequent reinvestment in Freeland, the investment in Natural Grass as well as in Prévost

Laboratory Concept, and external growth transactions for Talis Education, CDS, and Groupe Positive.

With a net cash position expected to reach €350m or so, IDI will have considerable firepower to finance new investments, and who knows, maybe redistribute some of the money through dividends. This is not unlikely as IDI has a focused investment strategy (less than 20 lines) and prefers its assets to fund their growth autonomously with IDI's support only for bigger strategic deals.

Impact

We will incorporate the capital gain from the sale of FCG into our estimates. Our model is currently being revised to incorporate the H1 23 figures.

19/06/2023

IDI forges ahead in 2023 with solid divestments

M&A /Corp. Action

2023 is shaping up particularly well for IDI, which, after selling Freeland in March, is preparing to sell its stake in Flex Composite Group to Michelin for a total EV of €700m. The move should not only replenish IDI's pockets, but it also demonstrates IDI's ability to create value, with a return on investment of over 12x.

Fact

- IDI made its first investment in Flex Composite Group for €23.2m back in 2015.
- IDI and Andera Partners have announced an agreement to sell the entire Flex Composite Group to Michelin for an enterprise value of €700m.
- This amount corresponds to an investment multiple 12x higher than the initial investment.

Analysis

IDI kicked off 2023 on the right foot in terms of investments and divestments. Indeed, as of mid-2023, IDI had already completed four deals: the external growth of Talis Education into the Fore group and two disposals, including that of Freeland, the French leader in services to the self-employed, to MML Capital, enabling IDI to achieve a solid investment multiple of 2.2x and an IRR of c. 24% in less than four years. It is worth noting, however, that Freeland's story is a little different, as IDI reinvested a significant part of the proceeds from the sale.

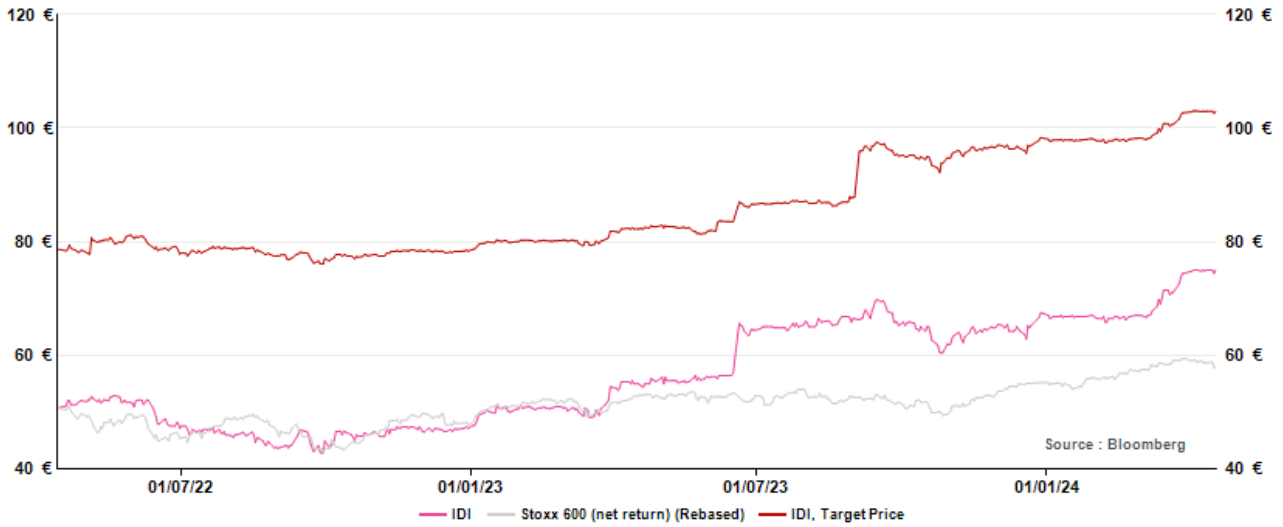
This morning, IDI announced that it is now the turn of Flex Composite Group to leave its portfolio. IDI and Andera Partners have signed an agreement to sell the entire Flex Composite Group (FCG) to Michelin for an enterprise value of €700m. This transaction would correspond to a substantial return on

investment of 12x the initial outlay. As a reminder, FCG joined the IDI portfolio in 2015 for €23.2m. As of December 2022, IDI held 63.4% of the group alongside Andera Partners as minority investor.

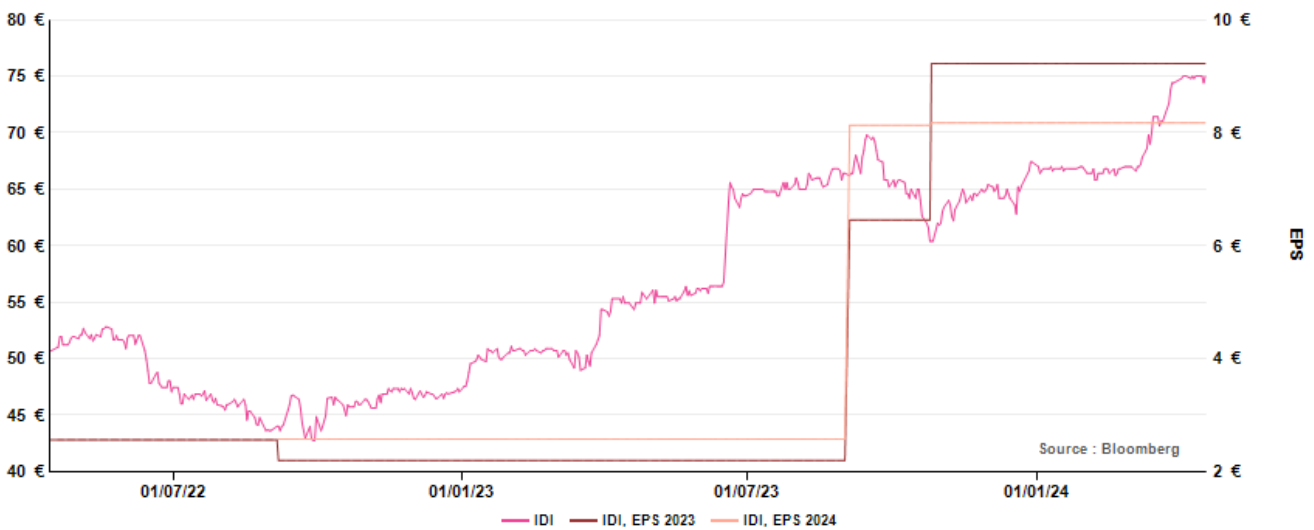
Flex Composite Group is a European leader in the design, manufacture and distribution of advanced composite materials. The Group is now made up of three divisions: i) Engineered fabrics, the technical coated fabrics division, ii) Carbon fabrics and technical composites Composite Materials, and iii) a thermoplastic films division, Technical Films, all of which have enabled it to achieve sales of c.€200m in 2022. Starting in 2015 up to 2022, through IDI's support of its development, FCG has generated an operating margin of between 25% and 30% and average organic growth of 11%.

The transaction is set to close in Q3 23, subject to approval by the competition authorities, and is further proof of IDI's ability to create value.

Stock Price and Target Price



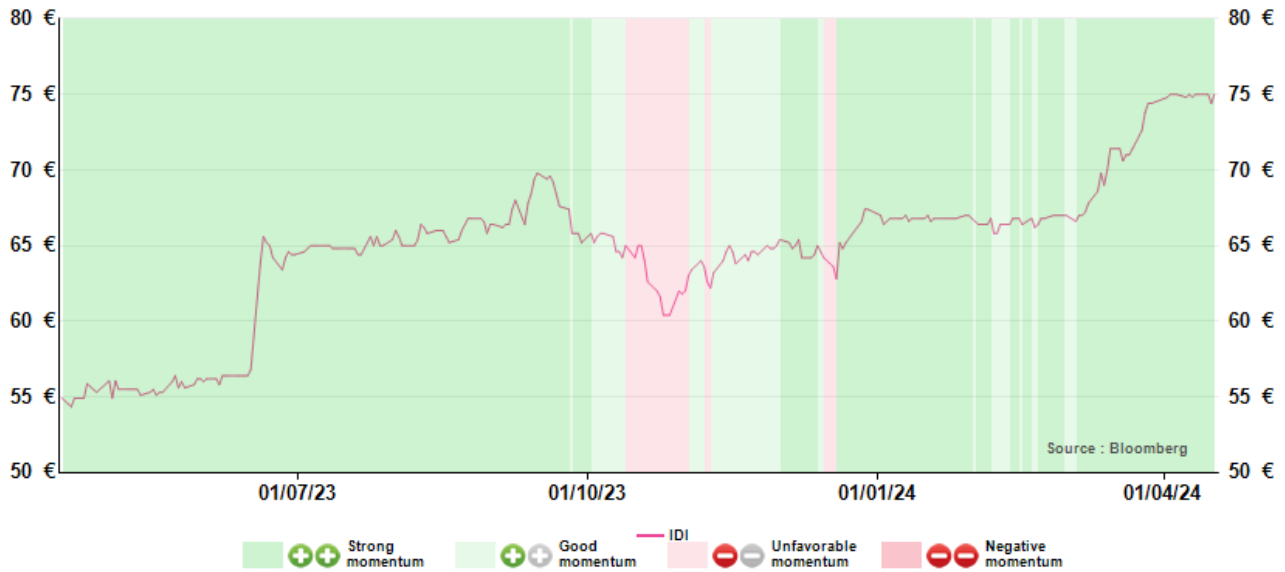
Earnings Per Share & Opinion



IDI : Opinion



Momentum






Momentum analysis consists in evaluating the stock market trend of a given financial instrument, based on the analysis of its trading flows.



The main indicators used in our momentum tool are simple moving averages over three time frames: short term (20 trading days), medium term (50 days) and long term (150 days). The positioning of these moving averages relative to each other gives us the direction of the flows over these time frames.


For example, if the short and medium-term moving averages are above the long-term moving average, this suggests an uptrend which will need to be confirmed. Attention is also paid to the latest stock price relative to the three moving averages (advance indicator) as well as to the trend in these three moving averages - downtrend, neutral, uptrend - which is more of a lagging indicator.

The trend indications derived from the flows through moving averages and stock prices must be confirmed against trading volumes in order to confirm the signal. This is provided by a calculation based on the average increase in volumes over ten weeks together with a buy/sell volume ratio.

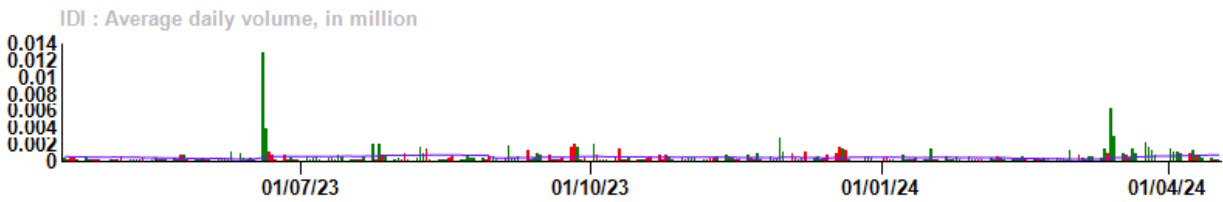
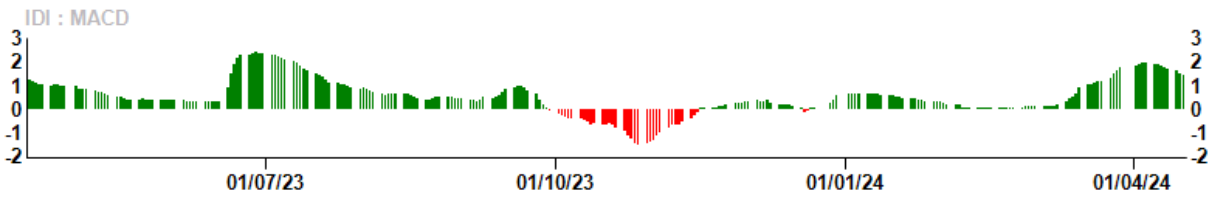
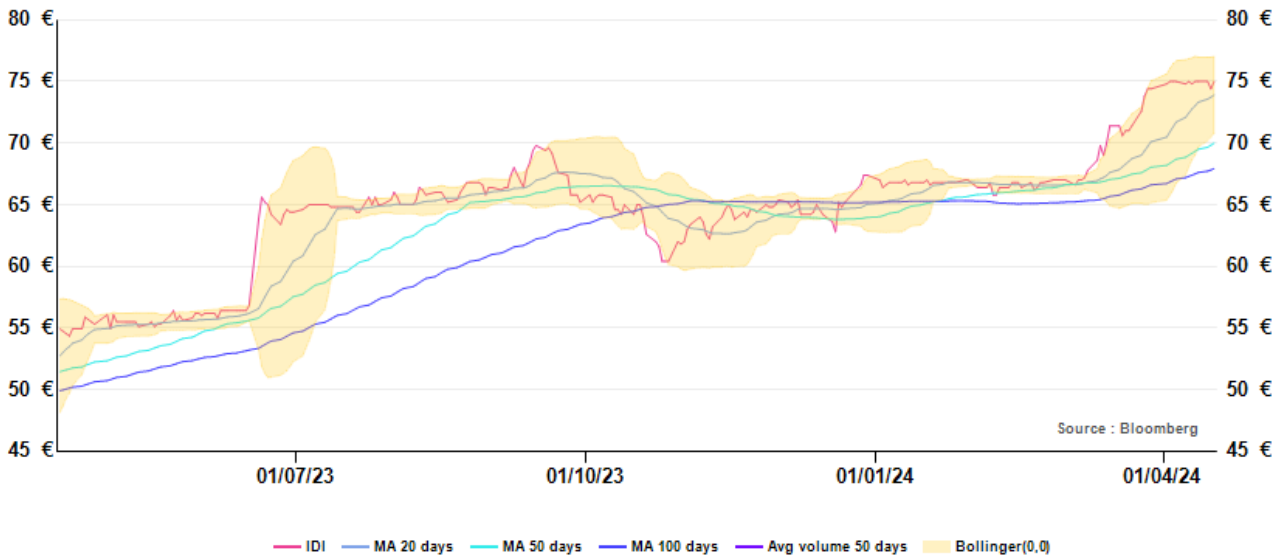
 : Strong momentum corresponding to a continuous and overall positive moving average trend confirmed by volumes

  : Relatively good momentum corresponding to a positively-oriented moving average, but offset by an overbought pattern or lack of confirmation from volumes

  : Relatively unfavorable momentum with a neutral or negative moving average trend, but offset by an oversold pattern or lack of confirmation from volumes

 : Strongly negative momentum corresponding to a continuous and overall negative moving average trend confirmed by volumes

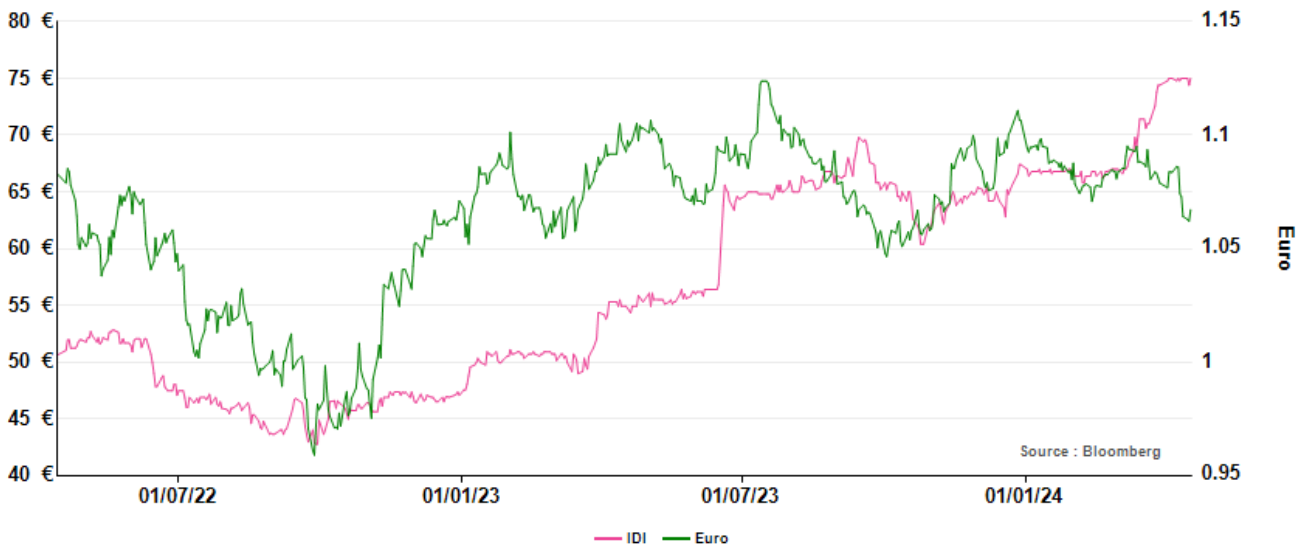
Moving Average MACD & Volume



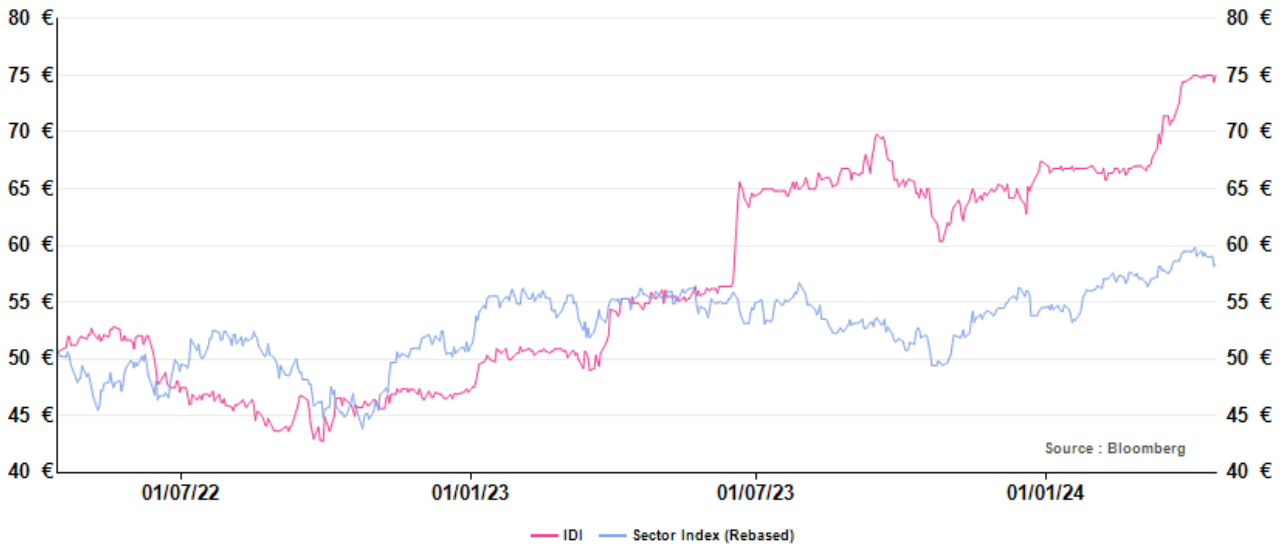
€/\$ sensitivity



Euro sensitivity



Sector Other Financials



Detailed Financials

Valuation Key Data		12/22A	12/23E	12/24E	12/25E
Adjusted P/E	x	4.54	6.54	9.18	8.49
Reported P/E	x	4.54	6.54	9.18	8.49
EV/EBITDA(R)	x	47.3	-57.8	-32.7	-40.7
EV/EBIT	x	47.8	ns	ns	ns
EV/Sales	x	-32.5	-10.8	-4.60	-3.51
P/Book	x	0.54	0.54	0.68	0.70
Dividend yield	%	4.96	4.64	4.00	4.27
<i>Free cash flow yield</i>	%	-6.25	-3.78	-2.55	-3.56
Average stock price	€	50.4	60.3	75.0	75.0

Consolidated P&L

		12/22A	12/23E	12/24E	12/25E
Sales	€th	9,798	24,679	30,780	31,284
<i>Sales growth</i>	%	92.2	152	24.7	1.64
<i>Sales per employee</i>	€th	817	667	832	846
Purchases and external costs (incl. IT)	€th	-12,619 ⁽²⁾	-13,347	-18,700	-20,570
Staff costs	€th	-3,918	-6,700	-7,750	-8,021
Operating lease payments	€th				
Cost of sales/COGS (indicative)	€th				
EBITDA	€th	-6,739	4,632	4,330	2,693
EBITDA(R)	€th	-6,739	4,632	4,330	2,693
<i>EBITDA(R) margin</i>	%	-68.8	18.8	14.1	8.61
<i>EBITDA(R) per employee</i>	€th	-562	125	117	72.8
Depreciation	€th	-232	-2,961	-3,694	-3,754
<i>Depreciations/Sales</i>	%	2.37	12.0	12.0	12.0
Amortisation	€th				
Additions to provisions	€th	312	328	344	361
Reduction of provisions	€th	0.00	0.00	0.00	0.00
Underlying operating profit	€th	-6,659	1,999	980	-700
<i>Underlying operating margin</i>	%	-68.0	8.10	3.19	-2.24
Other income/expense (cash)	€th				
Other inc./ exp. (non cash; incl. assets revaluation)	€th	84,619 ⁽³⁾	89,500 ⁽³⁾	80,388	88,427
Impairment charges/goodwill amortisation	€th				
Operating profit (EBIT)	€th	77,960	91,499	81,368	87,727
Interest expenses	€th	-1,767	-2,651	-2,651	-2,651
<i>of which effectively paid cash interest expenses</i>	€th	-1,767			
Financial income	€th				
Other financial income (expense)	€th	199	199	199	199
Net financial expenses	€th	-1,568	-2,452	-2,452	-2,452
<i>of which related to pensions</i>	€th		0.00	0.00	0.00
Pre-tax profit before exceptional items	€th	76,392	89,047	78,917	85,275
Exceptional items and other (before taxes)	€th				
Current tax	€th	1,102	-22,262	-19,729	-21,319
Deferred tax	€th	2,890	0.00	0.00	0.00
Corporate tax	€th	3,992	-22,262	-19,729	-21,319
<i>Tax rate</i>	%	-5.23	25.0	25.0	25.0
<i>Net margin</i>	%	820	271	192	204
Equity associates	€th		(4)		
<i>Actual dividends received from equity holdings</i>	€th				
Minority interests	€th		0.00	0.00	0.00
Income from discontinued operations	€th				
Attributable net profit	€th	80,384	66,785	59,188	63,956
Impairment charges/goodwill amortisation	€th	0.00	0.00	0.00	0.00
Other adjustments	€th				
Adjusted attributable net profit	€th	80,384	66,785	59,188	63,956
Fully diluted adjusted attr. net profit	€th	80,384	66,785	59,188	63,956
NOPAT	€th	58,470	68,624	61,026	65,795

2. Estimated as a percentage of income from the assets' revaluation. Calculated as $(8.98/39.57) \times 48.13$

3. Corresponds to realised and unrealised changes to the fair value of financial assets.

4. Our underlying assumption is that 50% of the €5.5m estimated FY 2023 result of Omnes comes from the private equity and private debt activities that IDI has acquired at 80% (fully consolidated from FY 2023) and 50% from the renewable energy, venture capital and co-investment activities in which IDI has a 45% stake (accounted for using the equity method).

Cashflow Statement

		12/22A	12/23E	12/24E	12/25E
EBITDA	€th	-6,739	4,632	4,330	2,693
Change in WCR	€th	-17,319	3,555	4,002	1,750
<i>of which (increases)/decr. in receivables</i>	€th	-1,670	-2,026	-3,561	525
<i>of which (increases)/decr. in inventories</i>	€th		0.00	0.00	0.00
<i>of which increases/(decr.) in payables</i>	€th	-4,428	2,994	4,312	399
<i>of which increases/(decr.) in other curr. liab.</i>	€th	-11,221	2,587	3,251	827
Actual dividends received from equity holdings	€th	0.00	0.00	0.00	0.00
Paid taxes	€th	3,992	-22,262	-19,729	-21,319
Exceptional items	€th				
Other operating cash flows	€th	-1,177			
Total operating cash flows	€th	-21,243	-14,074	-11,397	-16,876
Capital expenditure	€th	0.00	0.00	0.00	0.00
<i>Capex as a % of depreciation & amort.</i>	%	0.00	0.00	0.00	0.00
Net investments in shares	€th	81,390 ⁽⁵⁾	253,140	15,000	10,000
Other investment flows	€th	6,177 ⁽⁶⁾	3,116 ⁽⁶⁾	3,272	3,436
Total investment flows	€th	87,567	256,256	18,272	13,436
Net interest expense	€th	-1,568	-2,452	-2,452	-2,452
<i>of which cash interest expense</i>	€th	-1,767	-2,452	-2,452	-2,452
Dividends (parent company)	€th	-19,959	-19,566	-20,278	-21,726
Dividends to minorities interests	€th	0.00	0.00	0.00	0.00
New shareholders' equity	€th	0.00	0.00		
<i>of which (acquisition) release of treasury shares</i>	€th				
Change in gross debt	€th	0.00	52,559	0.00	0.00
Other financial flows	€th	-3,421	-3,592	-3,772	-3,960
Total financial flows	€th	-25,147	26,949	-26,501	-28,138
Change in cash position	€th	41,177	269,132	-19,626	-31,578
Change in net debt position	€th	41,177	216,573	-19,626	-31,578
Free cash flow (pre div.)	€th	-22,811	-16,526	-13,849	-19,327
Operating cash flow (clean)	€th	-21,243	-14,074	-11,397	-16,876
Reinvestment rate (capex/tangible fixed assets)	%	0.00	0.00	0.00	0.00

5. Corresponds to the estimated €25m received from the divestment minus the estimated €50m paid for IdiCo and €15m paid for the 45% stake in the remainder of Omnes' activities.

6. Includes dividends from investee companies.

Balance Sheet

		12/22A	12/23E	12/24E	12/25E
Goodwill	€th		5,881	5,881	5,881
Total intangible	€th	0.00	5,881	5,881	5,881
Tangible fixed assets	€th	612	1,822	1,913	2,009
Right-of-use	€th	14,501	13,897	13,897	13,897
Financial fixed assets (part of group strategy)	€th	645,956 ⁽⁷⁾	574,631 ⁽⁷⁾	588,997	603,722
Other financial assets (investment purpose mainly)	€th				
WCR	€th	-10,137	-13,692	-17,694	-19,444
of which trade & receivables (+)	€th	4,912	6,938	10,499	9,974
of which inventories (+)	€th				
of which payables (+)	€th	12,620	15,614	19,926	20,325
of which other current liabilities (+)	€th	2,429	5,016	8,267	9,093
Other current assets	€th	8,559	6,495	8,495	8,495
of which tax assets (+)	€th				
Total assets (net of short term liabilities)	€th	659,491	589,034	601,489	614,559
Ordinary shareholders' equity (group share)	€th	672,792	801,608	794,254	775,555
Minority interests	€th	8.00	8.00	8.00	8.00
Provisions for pensions	€th	506	0.00	0.00	0.00
Other provisions for risks and liabilities	€th	3,409	3,649	3,831	4,023
Deferred tax liabilities	€th	486	478	478	478
Other liabilities	€th	9,210	26,782	26,782	26,782
Net debt / (cash)	€th	-26,918 ⁽¹⁾	-243,491 ⁽¹⁾	-223,865	-192,287
Total liabilities and shareholders' equity	€th	659,493	589,034	601,489	614,559
Gross Cash	€th	124,295	393,427	373,801	342,223
Average net debt / (cash)	€th	-41,653	-135,204	-233,678	-208,076

EV Calculations

		12/22A	12/23E	12/24E	12/25E
EV/EBITDA(R)	x	47.3	-57.8	-32.7	-40.7
EV/EBIT	x	47.8	ns	ns	ns
EV/Sales	x	-32.5	-10.8	-4.60	-3.51
EV/Invested capital	x	-0.50	-0.47	-0.24	-0.19
Market cap	€th	365,005	436,849	543,150	543,150
+ Provisions (including pensions)	€th	3,915	3,649	3,831	4,023
+ Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00	0.00
+ Net debt at year end (ex Right-of-use from 2019)	€th	-41,419	-257,388	-237,762	-206,184
+ Right-of-use (from 2019)/Leases debt equivalent	€th	0.00	0.00	0.00	0.00
- Financial fixed assets (fair value) & Others	€th	645,956	450,700	450,700	450,700
+ Minority interests (fair value)	€th	0.00	8.00	8.00	8.00
= Enterprise Value	€th	-318,455	-267,582	-141,472	-109,703

7. Adjusted by the fair value of liquid assets which we include in the calculation of the net debt/cash position, as these assets can be easily mobilised to service financial debts. We have included the estimated €50m purchase price of IdiCo.

1. Includes all current and non-current financial debt minus cash, short-term placements, as well as the fair value of liquid assets, which historically averages at c.20% of the total portfolio.

Per Share Data

		12/22A	12/23E	12/24E	12/25E
Adjusted EPS (bfr goodwill amort. & dil.)	€	11.1	9.22	8.17	8.83
<i>Growth in EPS</i>	%	-36.3	-16.9	-11.4	8.06
Reported EPS	€	11.1	9.22	8.17	8.83
Net dividend per share	€	2.50	2.80	3.00	3.20
Free cash flow per share	€	-3.15	-2.28	-1.91	-2.67
Operating cash flow per share	€	-2.93	-1.94	-1.57	-2.33
Book value per share	€	92.9	111	110	107
Number of ordinary shares	Th	7,242	7,242	7,242	7,242
Number of equivalent ordinary shares (year end)	Th	7,242	7,242	7,242	7,242
Number of shares market cap.	Th	7,243	7,243	7,243	7,243
Treasury stock (year end)	Th				
Number of shares net of treasury stock (year end)	Th	7,242	7,242	7,242	7,242
Number of common shares (average)	Th	7,242	7,242	7,242	7,242
Conversion of debt instruments into equity	Th				
Settlement of cashable stock options	Th				
Probable settlement of non mature stock options	Th				
Other commitments to issue new shares	Th				
Increase in shares outstanding (average)	Th	0.00	0.00	0.00	0.00
Number of diluted shares (average)	Th	7,242	7,242	7,242	7,242
Goodwill per share (diluted)	€	0.00	0.00	0.00	0.00
EPS after goodwill amortisation (diluted)	€	11.1	9.22	8.17	8.83
EPS before goodwill amortisation (non-diluted)	€	11.1	9.22	8.17	8.83
Payout ratio	%	22.5	30.4	36.7	36.2
Capital payout ratio (div +share buy back/net income)	%	24.3	30.4	36.7	

Funding - Liquidity

		12/22A	12/23E	12/24E	12/25E
EBITDA	€th	-6,739	4,632	4,330	2,693
Funds from operations (FFO)	€th	-5,691	-20,081	-17,851	-21,078
Ordinary shareholders' equity	€th	672,792	801,608	794,254	775,555
Gross debt	€th	97,377	149,936	149,936	149,936
o/w Less than 1 year - Gross debt	€th	41,269	52,583	52,583	52,583
o/w 1 to 5 year - Gross debt	€th	56,108	97,353	97,353	97,353
+ Gross Cash	€th	124,295	393,427	373,801	342,223
= Net debt / (cash)	€th	-26,918 ⁽¹⁾	-243,491 ⁽¹⁾	-223,865	-192,287
Bank borrowings	€th	97,377	149,936	149,936	149,936
Other financing	€th	0.00	0.00	0.00	0.00
Gearing (at book value)	%	-6.19	-16.9	-29.4	-26.8
Equity/Total asset (%)	%	102	136	132	126
<i>Adj. Net debt/EBITDA(R)</i>	x	3.99	-52.6	-51.7	-71.4
<i>Adjusted Gross Debt/EBITDA(R)</i>	x	-15.0	33.2	35.5	57.2
<i>Adj. gross debt/(Adj. gross debt+Equity)</i>	%	13.1	16.1	16.2	16.6
<i>Ebit cover</i>	x	-4.25	0.82	0.40	-0.29
<i>FFO/Gross Debt</i>	%	-5.62	-13.1	-11.6	-13.7
<i>FFO/Net debt</i>	%	21.1	8.25	7.97	11.0
<i>FCF/Adj. gross debt (%)</i>	%	-22.5	-10.8	-9.01	-12.6
<i>(Gross cash+ "cash" FCF+undrawn)/ST debt</i>	x	2.46	7.17	6.85	6.14
<i>"Cash" FCF/ST debt</i>	x	-0.56	-0.31	-0.26	-0.37

1. Includes all current and non-current financial debt minus cash, short-term placements, as well as the fair value of liquid assets, which historically averages at c.20% of the total portfolio.

ROE Analysis (Dupont's Breakdown)

		12/22A	12/23E	12/24E	12/25E
Tax burden (Net income/pretax pre excp income)	x	1.05	0.75	0.75	0.75
EBIT margin (EBIT/sales)	%	796	371	264	280
Assets rotation (Sales/Avg assets)	%	1.59	3.95	5.17	5.15
Financial leverage (Avg assets /Avg equity)	x	0.96	0.85	0.75	0.77
ROE	%	12.5	9.06	7.42	8.15
ROA	%	-818	-1,528	-822	-759

Shareholder's Equity Review (Group Share)

		12/22A	12/23E	12/24E	12/25E
Y-1 shareholders' equity	€th	612,432	672,792	801,608	794,254
+ Net profit of year	€th	80,384	66,785	59,188	63,956
- Dividends (parent cy)	€th	-19,959	-19,566	-20,278	-21,726
+ Additions to equity	€th	0.00	0.00	0.00	0.00
<i>o/w reduction (addition) to treasury shares</i>	€th	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
- Unrecognised actuarial gains/(losses)	€th	0.00	0.00	0.00	0.00
+ Comprehensive income recognition	€th	-65.0	81,596	-46,263	-60,929
= Year end shareholders' equity	€th	672,792	801,608	794,254	775,555

Staffing Analytics

		12/22A	12/23E	12/24E	12/25E
Sales per staff	€th	817	667	832	846
Staff costs per employee	€th	-327	-181	-209	-217
<i>Change in staff costs</i>	<i>%</i>	<i>13.8</i>	<i>71.0</i>	<i>15.7</i>	<i>3.50</i>
<i>Change in unit cost of staff</i>	<i>%</i>	<i>32.8</i>	<i>-44.5</i>	<i>15.7</i>	<i>3.50</i>
<i>Staff costs/(EBITDA+Staff costs)</i>	<i>%</i>	<i>-139</i>	<i>59.1</i>	<i>64.2</i>	<i>74.9</i>

Average workforce	unit	12.0	37.0	37.0	37.0
Europe	unit	12.0	37.0	37.0	37.0
North America	unit	0.00	0.00	0.00	0.00
South Americas	unit	0.00	0.00	0.00	0.00
Asia	unit	0.00	0.00	0.00	0.00
Other key countries	unit	0.00	0.00	0.00	0.00
Total staff costs	€th	-3,918	-6,700	-7,750	-8,021
Wages and salaries	€th	-3,918	-6,700	-7,750	-8,021
Pension related costs	€th		0.00	0.00	0.00

Divisional Breakdown Of Revenues

		12/22A	12/23E	12/24E	12/25E
Total sales	€th	9,798	24,679	30,780	31,284
PE Europe	€th	5,950	6,248	6,560	6,560
PE Emergents	€th	3,452	3,625	3,806	3,806
Actifs Liquides	€th	144	151	159	159
Other	€th	252	14,656	20,256	20,760

Divisional Breakdown Of Earnings

		12/22A	12/23E	12/24E	12/25E
Dividend contributions Analysis					
PE Emergents	€th	3,386	3,555	3,733	3,920
Actifs Liquides	€th	144	151	159	167
PE Europe	€th	3,701	3,886	4,080	4,284
Other/cancellations	€th	0.00	0.00	0.00	0.00
Total	€th	7,231	7,593	7,972	8,371
Dividend contributions margin	%	73.8	30.8	25.9	26.8

Revenue Breakdown By Country

		12/22A	12/23E	12/24E	12/25E
Europe	%	72.0	72.0		
Other	%	28.0	28.0		

ROCE

		12/22A	12/23E	12/24E	12/25E
ROCE (NOPAT+lease exp.*(1-tax))/(net) cap employed adjusted	%	9.19	12.1	10.5	11.1
CFROIC	%	-3.58	-2.91	-2.39	-3.26

Goodwill	€th	0.00	5,881	5,881	5,881
Accumulated goodwill amortisation	€th	0.00	0.00	0.00	0.00
All intangible assets	€th	0.00	0.00	0.00	0.00
Accumulated intangible amortisation	€th	0.00	0.00	0.00	0.00
Financial hedges (LT derivatives)	€th	0.00	0.00	0.00	0.00
Capitalised R&D	€th	0.00	0.00	0.00	0.00
Rights of use/ Capitalised leases	€th	0.00	0.00	0.00	0.00
Other fixed assets	€th	612	1,822	1,913	2,009
Accumulated depreciation	€th	0.00	0.00	0.00	0.00
WCR	€th	-10,137	-13,692	-17,694	-19,444
Other assets	€th	645,956	574,631	588,997	603,722
Unrecognised actuarial losses/(gains)	€th	0.00	0.00	0.00	0.00
Capital employed after deprec. (Invested capital)	€th	636,431	568,642	579,097	592,167
Capital employed before depreciation	€th	636,431	568,642	579,097	592,167

Divisional Breakdown Of Capital Employed

		12/22A	12/23E	12/24E	12/25E
PE Emergents	€th				
Actifs Liquides	€th				
PE Europe	€th				
Other	€th	636,431	568,642	579,097	592,167
Total capital employed	€th	636,431	568,642	579,097	592,167

Fundamental Opinion

It is implicit that recommendations are made in good faith but should not be regarded as the sole source of advice.

Recommendations are geared to a “value” approach.

Valuations are computed from the point of view of a **secondary market minority holder** looking at a medium term (say 6 months) performance.

Valuation tools are built around the concepts of **transparency**, all underlying figures are accessible, and **consistency**, same methodology whichever the stock, allowing for differences in nature between financial and non financial stocks. A stock with a target price below its current price should not and will not be regarded as an Add or a Buy.

Recommendations are based on target prices with no allowance for dividend returns. The thresholds for the four recommendation levels may change from time to time depending on market conditions. Thresholds are defined as follows, ASSUMING long risk free rates remain in the 2-5% region.

Recommendation	Low Volatility 10 < VIX index < 30	Normal Volatility 15 < VIX index < 35	High Volatility 35 < VIX index
Buy ●	More than 15% upside	More than 20% upside	More than 30% upside
Add ●	From 5% to 15%	From 5% to 20%	From 10% to 30%
Reduce ●	From -10% to 5%	From -10% to 5%	From -10% to 10%
Sell ●	Below -10%	Below -10%	Below -10%

There is deliberately no “neutral” recommendation. The principle is that there is no point investing in equities if the return is not at least the risk free rate (and the dividend yield which again is not allowed for).

Although recommendations are automated (a function of the target price whenever a new equity research report is released), the management of AlphaValue intends to maintain global consistency within its universe coverage and may, from time to time, decide to change global parameters which may affect the level of recommendation definitions and /or the distribution of recommendations within the four levels above. For instance, lowering the risk premium in a gloomy context may increase the proportion of positive recommendations.

Valuation

Valuation processes have been organized around transparency and consistency as primary objectives.

Stocks belong to different categories that recognise their main operating features : Banks, Insurers and Non Financials.

Within those three universes, the valuation techniques are the same and in relation to the financial data available.

The weighting given to individual valuation techniques is managed centrally and may be changed from time to time. As a rule, all stocks of a similar profile are valued using equivalent weighting of the various valuation techniques. This is for obvious consistency reasons.

Within the very large universe of Non Financials, there are in effect 4 sub-categories of weightings to cater for subsets: 1) 'Mainstream' stocks; 2) 'Holding companies' where the stress is on NAV measures; 3) 'Growth' companies where the stress is on peer based valuations; 4) 'Loss making sectors' where peers review is essentially pointing nowhere (ex: Bio techs). The bulk of the valuation is then built on DCF and NAV, in effect pushing back the time horizon.

Valuation Issue	Normal industrials	Growth industrials	Holding company	Loss runners	Bank	Insurers
DCF	35%	35%	10%	40%	0%	0%
NAV	20%	20%	55%	40%	50%	15%
PE	10%	10%	10%	5%	10%	20%
EV/EBITDA	20%	20%	0%	5%	0%	0%
Yield	10%	10%	20%	5%	10%	15%
Book	5%	5%	5%	5%	10%	10%
Banks' intrinsic method	0%	0%	0%	0%	10%	0%
Embedded Value	0%	0%	0%	0%	0%	40%
Mkt Cap/Gross Operating Profit	0%	0%	0%	0%	10%	0%