

Private Equity  
Equity – Greece

# IDEAL Holdings

Value creation in the making

- ▶ **9M net income surged 83% y-o-y to €22m (13% beat), thanks to attica first-time €8.4m (38% of total) consolidation boost...**
- ▶ **...setting the stage for a twofold increase to €29.8m in FY23e, also aided by sharp margin enhancement in the Industrial unit**
- ▶ **The mid-point of 3-stage DCF and 2024e EV/EBITDA target-multiples returns a fair value of €388m or €8.1/sh**

Share price (€)	6.18
Reuters	IDEr.AT
Bloomberg	INTEK GA
Market cap (€m)	296.7
Enterprise value (€m)	363.0
Free float (%)	49%

**Solid 9M trading update.** Yesterday morning IDEAL Holdings (IDH) announced that its proforma 9M 2023 net earnings skyrocketed to €22m from €12m a year earlier (coming 13% ahead of our €19.5m call), largely owing to the first-time consolidation of top-tier Attica Department Stores (ADS). Having said that, IDH faced particular difficult base effects in the Industrial division (ie crown corks producer Astir Vitogiannis) and higher financial expenses.

**Important highlight:** Proforma basis financial statements for 2022 exclude discontinued Three Cents operations effective as of January 1, 2022, while also fully consolidating since then last year's buyouts, namely Netbull, Coleus Packaging and Byte Computers. On the other hand, latest acquisition ADS (completed in September) is incorporated to IDH's accounts for the first-time in 9M23 (as of January 1), which means that proforma results are not comparable to last year's at group level.

Starting with **Specialty Retail (ADS)**, 9M sales grew 14% y-o-y to €146m (6% beat), while EBITDA surged 72% to €16.6m (20% better), pointing to a massive margin improvement, ie +3.9pp y-o-y to 11.3% (+1.3pp vs PSe). Recall that ADS EBITDA margin shaped at 9.9% in H1. In a more spectacular fashion, Specialty Retail's net income climbed to €8.4m in 9M (smashing our €5.1m forecasts), implying a >2.3x y-o-y hike. Importantly, net margin reached 5.7% (vs PSe 3.7%): this is quite an achievement when compared to 3.3% in 1H23, we think. All in all, acting as a third pillar of growth, ADS represented a hefty 53%, 41% and 38% of IDH's 9M total revenues, EBITDA and net income, respectively.

Cycling an unprecedented c60% growth last year, **Industrial** unit's sales fell 16% y-o-y to €58.4m (5% miss), mirroring also a beer consumption slowdown. Yet, divisional EBITDA jumped 27% y-o-y to €17.1m, beating our call by 14%, after a 10pp EBITDA margin spike.

10 November 2023

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This report must be read with the disclosures and the analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it

IDH: Proforma 9M 2023a at a glance (30 September, €m)

	9M21a	9M22a	9M23a	y-o-y ch.	vs PSe	9M23e
Group Sales	97.7	130.0	273.9	111%	1%	270.5
<b>o/w Specialty Retail (ADS)</b>			<b>146.4</b>		<b>6%</b>	<b>138.7</b>
EBITDA	15.8	19.6	40.2	106%	8%	37.4
EBITDA Margin	16.2%	15.1%	14.7%	(0.4pp)	0.9pp	13.8%
<b>o/w Specialty Retail (ADS)</b>			<b>16.6</b>		<b>19.7%</b>	<b>13.9</b>
Net Profit	9.6	12.0	22.0	83%	13%	19.5
Net Margin	9.8%	9.2%	8.0%	(1.2pp)	0.8%	7.2%
<b>o/w Specialty Retail (ADS)</b>			<b>8.4</b>		<b>64%</b>	<b>5.1</b>

Source: Company data, Pantelakis Securities estimates

IDH: Proforma 9M 2023a results (30 September, €m)

	9M21a	9M22a	9M23a	y-o-y ch.	vs PSe	9M23e
<b>Group Sales</b>	97.7	130.0	273.9	111%	1%	270.5
o/w Industrial	43.2	69.2	58.4	-16%	-5%	61.3
o/w ICT	46.8	60.6	69.1	14%	-2%	70.5
o/w Specialty Retail (ADS)			146.4		6%	138.7
of total			53%			51%
<b>EBITDA</b>	15.8	19.6	40.2	106%	8%	37.4
EBITDA Margin	16.2%	15.1%	14.7%	(0.4pp)	0.9pp	13.8%
<b>Industrial/ICT EBITDA</b>	15.5	21.0	25.0	22%	6%	23.5
EBITDA Margin	17.2%	16.2%	19.6%	3.8pp	1.8pp	17.8%
o/w Industrial	9.6	13.4	17.1	27%	14%	15.0
EBITDA Margin	22.2%	19.4%	29.3%	10.0pp	4.7pp	24.5%
o/w ICT	5.9	7.1	7.9	11%	-7%	8.5
EBITDA Margin	12.6%	11.7%	11.4%	(0.3pp)	(0.6pp)	12.0%
o/w Specialty Retail (ADS)			16.6			13.9
EBITDA Margin			11.3%		1.3pp	10.0%
of total			41%			37%
Consolidation differences	0.3	(1.8)				
<b>EBT</b>	12.8	16.0	29.4	84%	14%	25.7
EBT Margin	13.1%	12.3%	10.7%	(0.4pp)	1.2pp	9.5%
o/w Industrial	8.2	11.6	14.4	24%	18%	12.2
EBT Margin	19.0%	16.8%	20.8%	4.1pp	3.5pp	17.3%
o/w ICT	4.4	5.4	5.7	4%	-12%	6.5
EBT Margin	9.4%	8.9%	9.8%	0.8pp	(0.8pp)	10.6%
o/w Specialty Retail (ADS)			11.4		62%	7.0
EBT Margin			7.8%		2.7pp	5.1%
<b>Net Profit</b>	9.6	12.0	22.0	83%	13%	19.5
Net Margin	9.8%	9.2%	8.0%	(1.2pp)	0.8pp	7.2%
<b>Industrial/ICT Net Profit</b>	9.4	13.0	15.5	19%	8%	14.4
Net Margin	10.4%	10.0%	12.2%	2.2pp	1.2pp	10.9%
o/w Industrial	6.2	8.8	11.0	25%	17%	9.4
Net Margin	14.4%	12.7%	18.8%	6.2pp	3.4pp	15.4%
o/w ICT	3.2	4.2	4.5	7%	-10%	5.0
Net Margin	6.8%	6.9%	6.5%	(0.4pp)	(0.5pp)	7.1%
o/w Specialty Retail (ADS)			8.4		64%	5.1
Net Margin			5.7%		2.1pp	3.7%
of total			38%			26%
Consolidation differences	0.2	(1.0)	(1.9)			

Source: Company data, Pantelakis Securities estimates Note: Proforma 9M23 accounts include ADS (as of 1 January), hence results are not comparable to last year's at group level

While lacking details at this point, the latter should be the product of a sharp gross margin enhancement (ie plunging freight rates), coupled with a significant cost containment (mainly Coleus-driven). Also, net earnings increased 25% y-o-y to €11m (vs PSe €9.4m), negatively affected by rising financial expenses.

Moving on to the ICT activity, nine-month sales, EBITDA and net income expanded by 14%, 11% and 7% y-o-y to €69.1m, €7.9m and €4.5m, respectively, coming 2%, 7% and 10% below our expectations. Note that ICT contributed 25%, 20% and 21% of IDH sales and net income, respectively, in 9M.

**Bringing it all together.** IDH revenues were up 2.1x y-o-y to €274m (in line), against €130m over the same period a year earlier, courtesy of ADS €146m consolidation boost. In the same vein, group EBITDA jumped c2.1x y-o-y to €40.2m from €19.6m in 9M22, with net income surging 83% or €10m to €22m.

On a full comparable basis (ie ex-ADS), 9M23 EBITDA and net income advanced 22% and 19% y-o-y to €25m and €15.5m, coming 6% and 8% stronger vs our expectations, respectively.

Finally, **management reiterated its guidance for proforma FY23 group EBITDA and pre-tax profit of €50m/€40m-plus** (on €385m sales generation), which compares with our €55.4m and €40.7m forecasts. Furthermore, we see 2023e group net profit reaching €29.8m vs €15.4m a year before.

# Disclosure appendix

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<b>10/11/2023</b>	Rating: Not Rated	Price: €6.18	Target Price: -

## Pantelakis Securities & Analyst disclosures

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