



Private Equity
Equity – Greece

IDEAL Holdings

Strong 2023 results

- ▶ **FY net profit surge of 73% y-o-y to €27m (broadly in line), spurred by attica's €12m first-time consolidation bonanza**
- ▶ **Comparable (Industrial/IT) EBITDA ex-FX moves +18% to €33m (small beat), on sharp margin expansion and cost savings**
- ▶ **The mid-point of 3-stage DCF and 2024e EV/EBITDA target-multiples points to €388m appraised equity value or €8.1/sh**

Share price (€)	6.47
Reuters	IDEr.AT
Bloomberg	INTEK GA
Market cap (€m)	310.6
Enterprise value (€m)	361.1
Free float (%)	49%

Solid FY performance. Ideal Holdings (IDH) released yesterday morning (before the opening bell) its FY23 proforma results with net income rocketing 73% y-o-y to €26.7m from €15.5m a year before. The slight miss vs our estimates is due to one-off charges (ie €1.6m provision for potential M&A activity) and higher taxes at Attica Department Stores (ADS), alongside ZAR-related FX losses from South African Coleus Packaging.

In fact, on a FX neutral basis, FY group EBITDA surged 2.1x y-o-y to €55m (spot on), also owing to a rise of 13% to €21m (2% beat) in the export-biased Industrial activity (ie crown corks production), dropping 3% to €53.9m at a reported level.

We point out that IDH proforma financial statements fully consolidate since January 1, 2022, Netbull, Coleus and Byte Computers, while incorporating ADS as of January 1, 2023, hence FY23 results are not comparable to 2022 at group level.

On a full comparable basis (ie ex-ADS impact) and after adjusting for Industrial unit-related FX moves, **Industrial/IT** EBITDA posted a robust growth of 18% y-o-y to €33.4m in FY23 (3% ahead of PSe), up 14% to €32.3m in reported terms.

Value accretive ADS deal takes IDH to another level. All in, IDH's stellar FY net income growth is primarily linked to the first-time inclusion of top-tier **ADS** that added €12.1m (or 45% of FY total) to the group bottom-line. As pre-tax profits reached €16.7m, beating our forecasts by €0.4m, the €0.6m miss at the net income level, take note, must exclusively relate to a much higher than anticipated tax rate (ie 27.5% vs PSe 22%).

In turn, **Industrial** net earnings were marginally up 1% y-o-y to €11.9m, expanding by a good 6% to €12.5m on a constant currency basis (at par with PSe €12.7m), after cycling Astir Vitogiannis' spectacular growth in FY22.

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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: 2023a proforma results at a glance (31 December, €m)

	FY22a	FY23a	y-o-y	FY23a ex-FX	vs PSe	FY23e
Group Sales	174.7	384.3	120%	390.3	-1%	389.2
o/w Specialty Retail (ADS)		213.1			2%	209.7
EBITDA	26.8	53.9	101%	55.0	-3%	55.4
EBITDA Margin	15.3%	14.0%	(1.3pp)	14.1%	(0.2pp)	14.2%
o/w Specialty Retail (ADS)		23.9			0%	23.9
Net Profit	15.5	26.7	73%	27.3	-11%	29.8
Net Margin	8.9%	6.9%	(1.9pp)	7.0%	(0.7pp)	7.7%
o/w Specialty Retail (ADS)		12.1			-5%	12.7

Source: Company data, Pantelakis Securities estimates

IDH: FY 2023a proforma results (31 December, €m)

	FY22a	FY23a	y-o-y ch.	F23a ex-FX	vs PSe	FY23e
Group Sales	174.7	384.3	120%	390.3	-1%	389.2
o/w Industrial	91.8	75.2	-18%	81.2	-9%	82.2
o/w ICT	82.9	96.1	16%		-1%	97.3
o/w Specialty Retail (ADS)	190.6	213.1	12%		2%	209.7
EBITDA	26.8	53.9	101%	55.0	-3%	55.4
EBITDA Margin	15.3%	14.0%	(1.3pp)	14.1%	(0.2pp)	14.2%
Industrial/IT EBITDA	28.4	32.3	14%	33.4	0%	32.4
EBITDA Margin	16.3%	18.9%	2.6%	18.8%	0.8pp	18.0%
o/w Industrial	18.6	19.9	7%	21.0	-3%	20.5
EBITDA Margin	20.3%	26.5%	6.2%	25.9%	1.5pp	25.0%
o/w IT	9.8	12.4	27%		5%	11.8
EBITDA Margin	11.8%	12.9%	1.1%		0.8pp	12.2%
o/w Specialty Retail (ADS)	19.3	23.9	24%		0%	23.9
EBITDA Margin	10.1%	11.2%	1.1%		(0.2pp)	11.4%
Central overheads	(1.6)	(2.3)	44%		174%	(0.8)
EBT	21.5	38.0	76%	38.8	-7%	40.7
EBT Margin	12.3%	9.9%	(2.4pp)	9.9%	(0.6pp)	10.4%
Industrial/IT EBT	23.4	25.5	9%	26.3	-8%	27.8
EBT Margin	13.4%	14.9%	1.5pp	14.8%	(0.6pp)	15.5%
o/w Industrial	16.0	16.3	2%	17.1	-8%	17.7
EBT Margin	19.3%	17.0%	(2.3pp)	21.1%	(1.3pp)	18.2%
o/w IT	7.4	9.2	24%		-8%	10.0
EBT Margin	8.1%	12.2%	4.2pp		0.0pp	12.2%
o/w Specialty Retail (ADS)	12.5	16.7	34%		2%	16.3
EBT Margin	6.6%	7.8%	1.3pp		0.1pp	7.8%
ADS funding cost + central overheads	(1.9)	(4.2)	121%		24%	(3.4)
Net Profit	15.5	26.7	73%	27.3	-11%	29.8
Net Margin	8.9%	6.9%	(1.9pp)	7.0%	(0.7pp)	7.7%
Industrial/IT Net Profit	17.4	19.0	9%		-7%	20.5
Net Margin	10.0%	11.1%	1.1pp		(0.3pp)	11.4%
o/w Industrial	11.8	11.9	1%	12.5	-6%	12.7
Net Margin	12.9%	15.8%	3.0pp	15.4%	0.4pp	15.4%
o/w IT	5.6	7.1	27%		-9%	7.8
Net Margin	6.8%	7.4%	0.6pp		(0.7pp)	8.0%
o/w Specialty Retail (ADS)	9.6	12.1	26%		-5%	12.7
Net Margin	5.0%	5.7%	0.6pp		(0.4pp)	6.1%
ADS funding cost + central overheads	(1.9)	(4.4)	132%		30%	(3.4)

Source: Company data, Pantelakis Securities estimates Note: FY23 proforma accounts include ADS (as of 1 January), hence results are not comparable to last year's at group level

By becoming fully integrated to Astir's best business practices, Coleus must have played a vital role in the Industrial division's sharp gross margin improvement and solid progress at the cost front, we think.

Turning to the IT (software, cloud migration and IT solutions), FY net profit advanced 27% y-o-y to €7.1m (compared to PSe of €7.8m), thanks to buoyant sales growth, margin expansion and cost savings.

Stunning revenue increase. Group top-line climbed 2.2x y-o-y to €384m (in line), bolstered by ADS sales contribution of €213m, making up a massive 55% of total. Furthermore, IT top-line grew 16% y-o-y to €96.1m in 2023, more than offsetting Industrial unit's 18% decline (more pronounced in Q4) to €75.2m. The latter is due to exceptionally tough base effects following the previous year's 55% y-o-y surge.

On a final note, **end-2023 net debt** reached €73.3m (vs PSe €66.4m) from €20.7m last year, adversely affected by the ADS deal (€65m via new bank loans on top of €35m equity side of the buyout), with the net debt/EBITDA ratio shaping at 1.4x.

Disclosure appendix

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27/02/2024	Rating: Not Rated	Price: €6.49	Target Price: -

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