PEUGEOT INVEST

S1-2023: thank you Stellantis!

In H1-23, NAV per share stood at €221.3, compared with €199.5 at end-2022, up 12.4% with dividends reinvested. Listed investments outperformed the markets, thanks in particular to Stellantis (+31% ytd), the valuation of co-investments was boosted by the sale of Polyplus (gene therapy, multiple of 3.8x, IRR: 62%) to Sartorius, and that of investment funds was stable. This performance was achieved despite the downward revision of property assets (11% of the GAV at the end of 2022).

Net debt came to €862m, including €152m for the investment in Rothschild & Co in H2. LTV stood at 14%, down on H1, which bodes well for the future. It should be remembered that all debt is at a fixed rate.

The Group's discount remains high at 54%, illustrating investors' mistrust of investment companies with low liquidity. Management is aware of this situation and may consider buying back shares to try to reduce it. Compared with other comparable companies, PEUG's stock market performance was satisfactory in H1-2023 (+13%).

With an unchanged discount, our central scenario shows a potential upside of 31%.

M€	30/06/2023
NAV	5516
NAV per share (€)	221,3
LTV (%)	14%
Gross debt	-911
Market capitalisation (19/09/22)	2.55 billion

Issuer-funded research

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Paris, 18 septembre 2023

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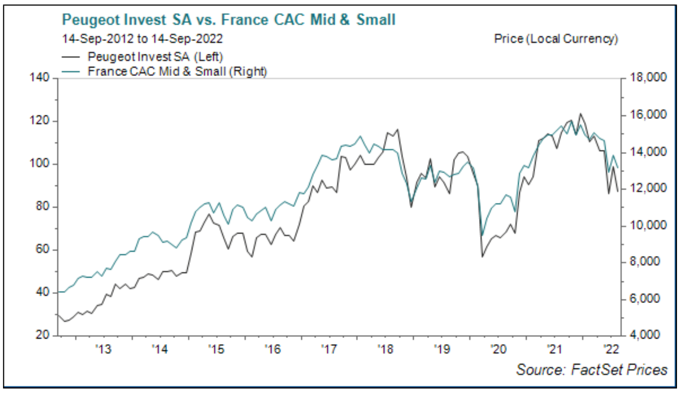

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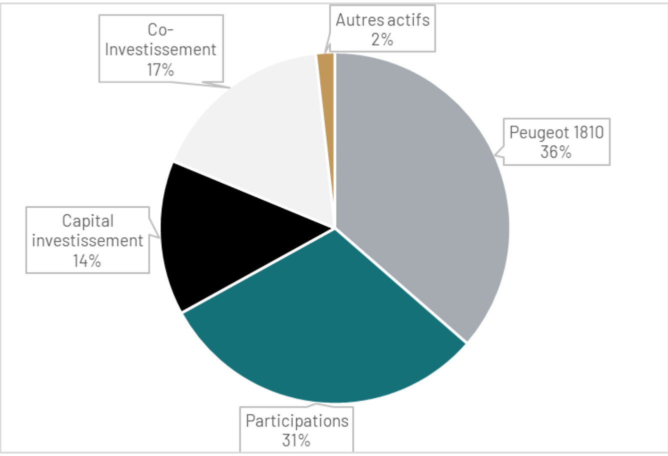

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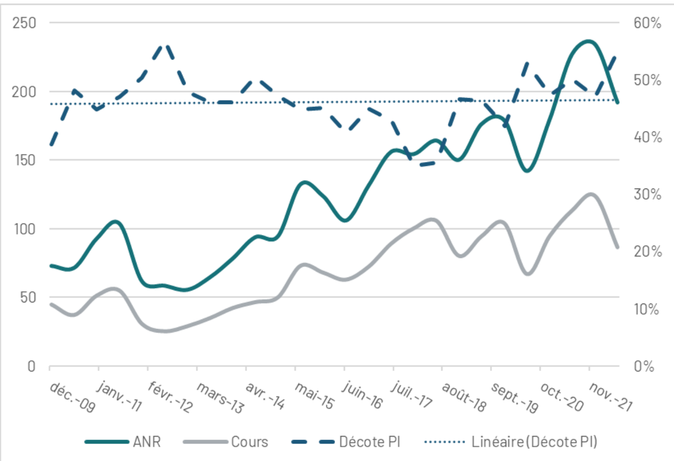

Source of graphs: Factset, Peugeot Invest, Theia Recherche
*Investments = Assets excluding Peugeot 1810

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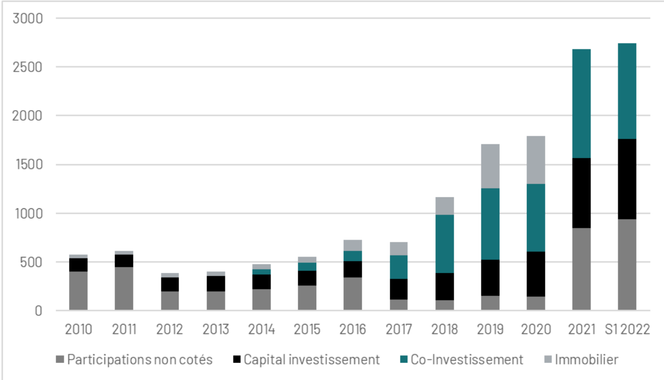

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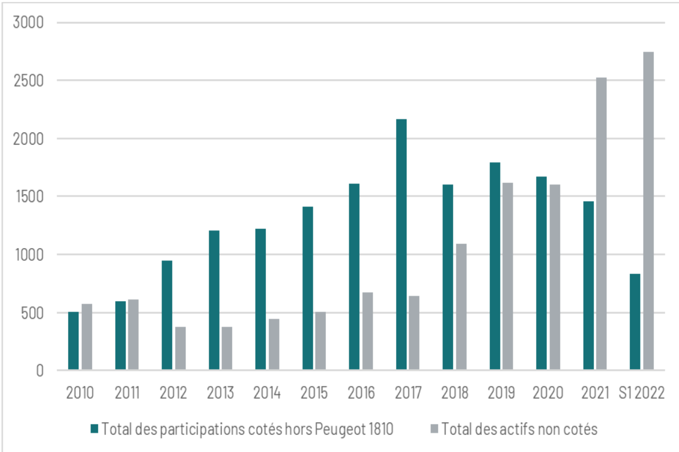

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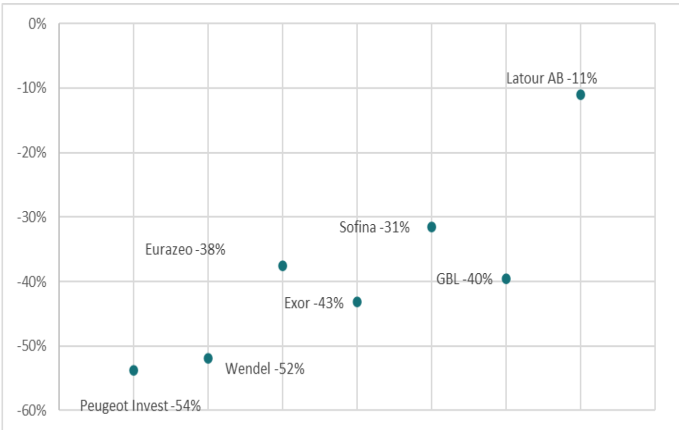


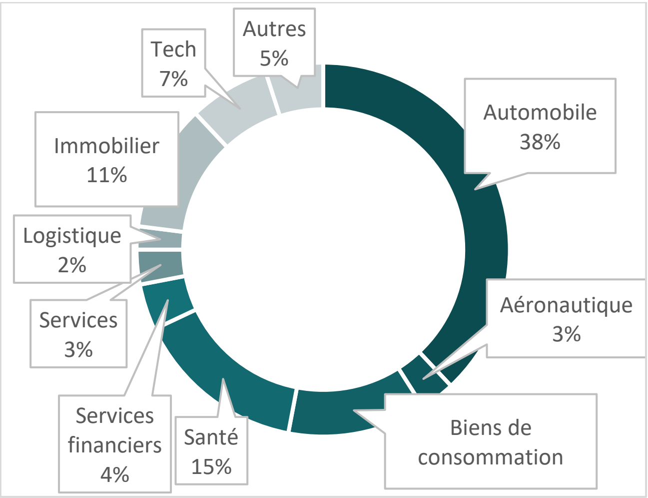
* Price at 15/09/2023 based on last published NAV

Table 1Published NAV of Peugeot Invest at 30/06/2023

	30/06/2023	Value (€m)
	Stellantis	2 760
	Faurecia	101
Peugeot 1810 (76.5%) - A		**2861**
	Lisi	176
	SEB	210
	Orpea	6
	CIEL	15
	Tikehau Capital	65
	Spie	252
	Immobilière Dassault	68
Listed holdings - B		**835**
Unlisted holdings - C		**570**
Total investments D = B+C		**1 772**
Private equity vehicles - E		**895**
Co-Investment - F		**1084**
	Other financial assets and liabilities	176
	Treasury	49
Other assets - J		**224**
Gross asset value of investments D+E+F+J		**3 566**
Total gross revalued assets A+D+E+F+J		6427
Debt		-911
Net asset value		**5516**
Net asset value per share		**221,3**
Share price at 30/06/23		**102,2**
Discount		**54%**

Source: Peugeot Invest, Theia Recherche

Graphics 7 : GAV by sector (H1 23)



Source : Peugeot Invest

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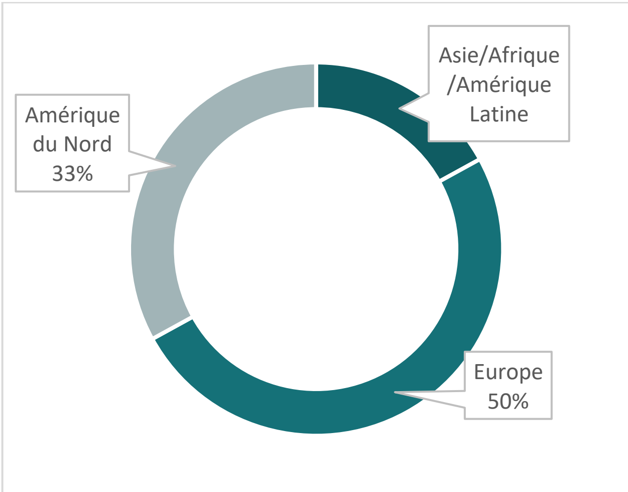


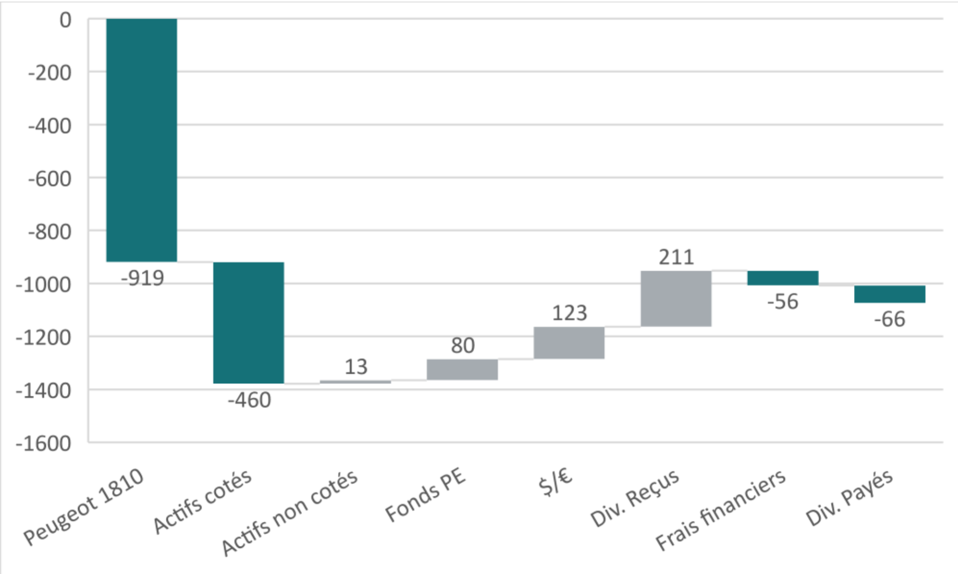
Source : Peugeot Invest

Good half-year performance

At the end of H1 2023, NAV stood at €5.516 billion and NAV per share at €221.3, compared with €199.5 at the end of 2022, i.e. +12.4%, dividend reinvested. Over the period, Stellantis' performance more than compensated for the stability of PE funds (14% of NAV) and the fall in the valuation of property assets impacted by the decline in capitalisation rates (11% of NAV).

NAV boosted by Stellantis' performance

Graphics 9 : ANR Bridge Dec-2022 / June-2023



Source : Peugeot Invest

Listed holdings: 55% of GAV

Within Peugeot 1810 (45% of half-yearly GAV), the operating and financial performance of Stellantis (PEUG: 7.1%) was excellent in H1-2023. Its share price, which rose by 31% in H1, was the best performer in the sector in Europe.

This accounts for most of the increase in NAV. The Group benefited from an increase of almost 10% in sales volumes, to 3.3m units. EBIT benefited from a strong contribution from North America (operating margin of 17.5%) and from Africa and the Middle East, where profitability is very high (25.9%).

Forvia's share price (PEUG: 3.1%) rose by 54%, boosted by the increase in global automobile production, particularly in Europe and China. These factors boosted both sales and operating margin. In addition, the group pursued its divestment strategy in order to reduce the high level of debt resulting in particular from the acquisition of Hella.

Among the other listed companies, LISI benefited from the announcement of its public share buyback offer with an attractive premium, while SEB and Spie each gained 21% over 6 months, thanks in particular to their ability to generate high levels of free cash flow.

All unlisted assets: 45% of GAV

In the following section, we provide much more detail on the latest disposals carried out by Peugeot Invest.

In terms of co-investments (17% of the GAV), it is worth noting that Peugeot Invest has, for the first time alongside Permira, exposed itself to the luxury sector with a €20m commitment to Gruppo Florence, a leader in the manufacture of luxury goods on behalf of major brands such as LVMH, Hermès and Gucci.) The Group also invested €12.5m in the renovation and upmarket repositioning of the Hotel California in Paris, alongside Tikehau Real Estate Opportunity II.

As regards private equity funds (14% of total net sales), Peugeot Invest pursued its selective investment strategy (11 funds), mainly in growth and buy-out funds, investing a total of €124m in the first half.

Controlling debt and reducing LTV

Over the first half, net cash flow from operating activities amounted to €203m, compared with €222m at 31 December 2022. This benefited from higher cash dividends from investments (€248m), mainly from Stellantis.

Proceeds from disposals and distributions in H1-23 amounted to €262m, compared with €291m in H1-22. Capital expenditure consisted mainly of the acquisition of a stake in Rothschild & Co (€152m), and ongoing commitments to 11 new investment funds totalling €124m. Net debt was kept under control, enabling the LTV ratio to fall to 14% (16% at 31/12/2022).

Significant transactions in H1-23

In a complicated economic and financial environment, Peugeot Invest has been active and timely over the first 6 months of the year. We list below the most relevant recent movements in our opinion.

Timely and welcome disposals: a dynamic H1

1 - Sale of the shareholding in the Tikehau holding company

On 11 February, Peugeot Invest announced the sale of its stake in Tikehau Capital Advisors (TCA), Tikehau Capital's main shareholder, to its management, after 7 years of partnership. Since Peugeot Invest's investment in 2016, Tikehau Capital, TCA's main asset, has undergone accelerated development to become a leading player in alternative asset management. Alongside the founders, Peugeot Invest, as a shareholder in TCA and Tikehau Capital, has supported this sustained growth and the creation of a structured platform, including the listing of Tikehau Capital, successful international expansion and fruitful acquisitions. Retaining a small stake of 1.7% in the listed subsidiary, Peugeot Invest will continue to be a partner of Tikehau Capital, notably as a shareholder in the listed company, through joint investments and as an investor in some of its funds.

2 - Participation in the privatisation of the Rothschild bank

On 13 February, Peugeot Invest announced that it had joined forces with Concordia, the holding company of the Rothschild family and the largest shareholder in Rothschild & Co, to file a simplified tender offer for the Rothschild & Co shares and to request the implementation of a squeeze-out if the legal conditions were met. The offer closed on 8 September at a price of €38.60 per share. To this amount must be added the ordinary dividend of €1.40 and an exceptional distribution of €8, giving a total of €48 per share. On 12 September, Concordia announced that it held 95.6% of Rothschild & Co (squeeze out to follow). Peugeot Invest invested €152m in this transaction and now holds 5.1% of the bank's capital and will be represented on the Supervisory Board.

3 - Simplification of LISI's control structures

Following the transactions announced on February 23, Peugeot Invest announced on July 11 that it held 14.4% of LISI's capital and no further shares in Compagnie Industrielle de Delle (CID), LISI's controlling holding company. By participating in the LISI public tender offer, Peugeot Invest first sold two thirds of its direct stake and received €48m in cash. This transaction generated a return of 6.9x and an IRR of 10% since 2002. Then the exchange offer for CID enabled Peugeot Invest to convert its entire stake in CID into LISI shares and cash (an additional €10m received). These operations have made it possible to simplify the structures of CID and LISI and to perpetuate the control of the founding families (Kohler and Viellard) over the group. The new governance structure has confirmed Peugeot Invest's role on LISI's Board of Directors, in particular as a member of the CSR Committee.

4 - Property sales

On 17 April, Gefco acquired a logistics complex from Peugeot Invest for €37 million. Peugeot Invest sold 15,000 m^2 of business premises in Gennevilliers. The sale price was 40% above the indicative value at the end of 2021, benefiting from still very favourable market conditions. The sale generated an IRR of 13% over 23 years.

5 - Sale of interest in Total Eren

Founded by Pâris Mouratoglou and David Corchia in 2012, Total Eren develops, finances, builds and operates renewable energy plants in countries where they represent an economically viable response to growing energy demand. The company has reached more than 3.5 GW of generation capacity worldwide and is working on future solar, wind, hydro and storage projects of more than 10 GW, of which nearly 1.2 GW are under construction or at an advanced stage of development. Since 2015, total installed capacity has increased 10-fold, from 350 MW to 3.5 GW, and turnover has grown from c. €52m to c. €540m. The company has also diversified its geographical footprint, with more than 60% of its installed capacity located outside Europe, including in Asia and Latin America.

In addition to its activities as a producer of renewable energy for the private and public sectors, Total Eren has in recent years launched pioneering green hydrogen projects in North Africa, Latin America and Australia.

On 25 July, Total Energies announced that it had acquired the entire share capital of Total Eren, increasing its stake from almost 30% to 100%. This transaction follows the strategic agreement reached between the two groups in 2017, under which TotalEnergies could take control of Total Eren at the end of a five-year period. As part of this transaction, Total Eren was valued at €3.8 billion. The acquisition of 70.8% represents a net investment of €1.5bn for TotalEnergies. In 2015, Bpifrance, Tikehau Capital, Peugeot Invest and NextWorld invested in Total Eren to help the company accelerate its development. Further investments followed in 2017 and 2019 to support the company's global expansion. They were joined by TotalEnergies in 2017.

Peugeot Invest achieved a multiple of around 2.3x its initial investment, generating more than €60 million in proceeds from disposals.

IHS Towers and Ÿnsect: developments to watch

As investment is, by its very nature, risky, we have decided in this section to mention 2 different cases of co-investment. Our approach seeks to illustrate the governance issues or opportunities that Peugeot Invest may face. PEUG only holds a 1.5% stake in IHS Towers.

1 - IHS Towers: serious governance issues and contract losses

Peugeot Invest has invested $78 million in IHS Towers through 4 capital increases. After an initial investment of $5m in 2013 alongside the Emerging Capital Partners fund, Peugeot Invest reinvested $10m in early 2014, then another $60m in November 2014, including $50m alongside Wendel.

PEUG currently owns 1.5% of IHS. However, as a result of major governance problems and the loss of a major contract, its share price has fallen by more than 70% since it was floated on the New York Stock Exchange in 2021, and by 22% this year. Its current capitalisation is $1.6 billion, compared with nearly $4 billion at the time of its IPO. While PEUG is relatively discreet about this small stake, Wendel (2nd shareholder in IHS Towers with 19% of the capital) is much more vocal.

What does IHS Towers do?

Founded in 2001, IHS Towers is one of the world's largest independent owners, operators and developers of shared communications infrastructure. With nearly 40,000 towers in its portfolio, HS is the largest independent operator in 7 of the markets in which it operates, including Africa, and the only independent tower operator in 4 of them. Telecoms towers are an important infrastructure for Africa, which by 2021 will have between 160,000 and 170,000 of them (source: TowerXchange). By way of comparison, there are 750,000 in India.

The main shareholders of IHS Towers accuse the company of :

- Hiding information from management,
- Ignore calls for board restructuring and,
- Failure to invest sufficiently in the infrastructure that will support the 5G rollout plan of MTN Group, the main shareholder in IHS with 26% of the capital.

MTN needs more infrastructure to support its development. Investors claim that IHS Towers is not doing enough in this area, that the company is borrowing at high interest rates and that it is spending too much without explaining its investments. Blackwells, a US activist investor, claims that IHS Towers, incorporated in the Cayman Islands, is hiding behind the rules of the UK territory to avoid disclosing details of its spending.

Blackwells wants IHS to move its place of incorporation to the US (Delaware or Maryland) to align with shareholder interests and increase transparency.

A year after announcing the acquisition of 5701 telecoms towers from MTN Group, and a few days after the IHS Annual General Meeting, MTN Group issued a statement complaining that it could not sell its non-voting shares and that it wanted its stake in the company to be reflected in its DVs. MTN Group holds 26% of the capital but controls only 20% of the voting rights.

In response, IHS stated that "the proposals requested were not in the best interests of the company as a whole or the shareholders as a whole" (source: Bloomberg). In return, MTN asked the board to call an extraordinary meeting. Wendel, the second largest shareholder in IHS Towers with a 19% stake, supported MTN's proposal.

IHS Towers finally issued a terse response nearly three weeks after the initial news, stating that "IHS Towers' management team and Board of Directors have always been committed to engaging with shareholders, listening carefully to their views and acting in the best interests of all shareholders. IHS takes note of the recent comments made by some of our shareholders and continues to engage with them.

Finally, on Tuesday 11 July, Wendel mentioned that it was taking IHS to court for failing to inform all its shareholders of the proposals to reconstitute its board of directors, and hopes to force a vote on the issue.

How did IHS get to this point?

Telecommunications towers and infrastructure are expensive to build and maintain. However, with high debt levels, separating its assets from the operation of the Telcos was an easy way to solve this problem. As a result, for almost 10 years now, IHS Towers, Eaton Towers, Helios Towers Africa and American Tower Corporation (ATC) have been competing fiercely to acquire the telecoms towers sold by major operators such as Vodacom, Vodafone, Etisalat, Orange, MTN and Airtel.

The tug-of-war between IHS and shareholders such as MTN highlights the choice operators have in selling their assets. Recently, Telkom Kenya was decommissioned by American Towers after failing to pay rent. The closure disconnected millions of Telkom Kenya users.

Consequences of disagreements and loss of contract

In early 2023, IHS considered several options to purchase tower units from Telkom SA SOC in South Africa. IHS also reportedly considered buying the African towers from Orange. However, and since IHS has been criticised for not justifying its expenditure, the company may decide to abandon the talks that were first reported in February 2023 and focus on resolving its shareholder disputes.

In addition, on 8 September, a new problem affected the prospects for IHS. MTN Nigeria has chosen American Towers Corp (ATC) as its supplier instead of IHS Towers as part of the boardroom dispute, given that IHS's lease to manage the 2,500 sites in the MTN network will expire in 2024 and 2025. MTN Nigeria has therefore declared that its towers will be managed by the Nigerian subsidiary of American Towers Corp (ATC) from 2025.

This agreement should seriously affect IHS Tower's revenues from 2024 onwards, since Nigeria is its main market in terms of revenues. This bad news has weighed heavily on the IHS share price, which has lost almost 40% in the space of a few weeks.

2 - Ÿnsect: valuation likely to be revised downwards

Founded in 2011, Ÿnsect is a French company and a leader in the breeding and processing of insects into ingredients used as an alternative to animal proteins. Ÿnsect exploits technologies protected by 300 patents, enabling it to rear beetles in vertical farms with a negative carbon footprint. The company is currently building its 3rd production unit (the world's largest vertical farm in Amiens) and operates two sites in France (since 2016) and the Netherlands (since 2017).

In 2021, sales were €17.8m, with a net loss of €36m.

In April 2023, and just a few weeks after a strategic shift designed to accelerate the company's path to profitability, Antoine Hubert, co-founder and chairman, handed over operational management. While he remained executive vice-president in charge of innovation, he handed over to Shankar Krishnamoorthy, a former member of Engie's Comex, who joined Ÿnsect in 2021.

Recently, the company decided to ease up on ingredients for fish and poultry farms. Antoine Hubert commented: "Against a backdrop of inflation in energy and raw materials, as well as in the cost of capital and debt, we cannot afford to invest considerable resources in the least profitable markets (animal feed), when there are other markets where demand is strong, yields are good and margins are better".

To implement this plan, Ÿnsect has decided to close its production site in the Netherlands, cutting 35 jobs. The R&D teams will remain in place. In France, the company has launched a voluntary redundancy scheme affecting 38 jobs. However, the company plans to recruit around forty people this year in areas where it needs new talent. In the Netherlands, where Ÿnsect took over its competitor Protifarm in April 2021, 36 jobs have been cut. In total, only 8 employees are expected to remain in the Netherlands.

In April 2023, the start-up raised €160m, mainly to finance the refocusing of its activities. Apparently, this was done on the basis of a lower valuation, the amount of which was not disclosed.

Since it was set up in 2011, Ÿnsect has raised €625m without yet becoming profitable.

In 2021, Peugeot Invest invested €10 million in the company and indicated that it had subscribed to the latest capital increase for a further €20 million. To date, Peugeot Invest holds between 5% and 10% of Ÿnsect's capital.

Review of listed assets in H1-23

Stellantis has published half-year results ahead of expectations and an encouraging outlook. Although we are not specialists in the sector, in order to put this performance into perspective, we have taken the liberty of recalling the recent initiatives taken by Stellantis in China at a time when the European industry is under threat.

1 - Thank you Stellantis!

Recent results: in H1-23, sales totalled €98.4 bn, up 12% on H1-22, mainly due to higher sales volumes. Profit from recurring operations was €14.1 bn, up 11%, giving an operating margin of 14.4%. The operating margin in North America, the most profitable region, fell by 60 basis points to 17.5%. The Group's pricing power remains an important driver of its results, since Stellantis has implemented a number of price increases, which it has successfully maintained.

Net profit rose by 37% to €10.9 bn. FCF came to €8.7bn, up by €3.3bn compared with H1-22. This performance reflects worldwide sales of electric vehicles (BEV) and electrified vehicles (LEV), up 24% to 169,000 units and 28% to 315,000 units respectively compared with H1-22. Stellantis now holds 3rd place as a manufacturer for BEV sales in Europe 30 and ranks 2nd on the US market for LEV sales. The Group should also complete its €1.5 billion share buyback programme before the end of the financial year.

Outlook: Stellantis has confirmed its forecast of a double-digit margin for the year as a whole. Carlos Tavares' strategy is to focus on the most profitable markets and models, and to continue his policy of constant cost-cutting. This strategy has already reduced the breakeven point to 33% in H1, compared with less than 40% last year.

The good figures for H1-23 suggest that it should be easy to achieve the full-year guidance. As far as the market is concerned, the Group has raised its forecasts for Europe and the MEA from +5% to +7% year-on-year, which is a good sign for volumes in the EU and profitability in the MEA, which remains very high.

However, the market remains extremely competitive and the Group needs to work harder on cost reductions. The CEO pointed out that if the Group has to contend with Chinese manufacturers who have a cost advantage of more than 25%, one of the ways of fighting back is to use the same weapons as they do, i.e. not to hesitate to use strategic Asian partnerships, particularly for the supply of raw materials and semi-conductors.

3 interesting recent developments:

1 - Michelin has sold part of its stake in Symbio to Stellantis, which is acquiring a 33.33% stake in the leading fuel cell mobility company. The entry of Stellantis will enable Symbio to accelerate its development in Europe and the United States.

2 - Initiative in the Chinese market: the specialist press has reported that Stellantis is considering a tie-up with a Chinese EV manufacturer in order to strengthen its presence in the world's largest market. The group is reportedly looking into the possibility of working with various Chinese EV manufacturers, including Zhejiang Leapmotor Technologies, which was set up in 2015.

Several options could be considered, including an investment in a local EV company and a commercial partnership that would help Stellantis to expand in the country. Other manufacturers, including Volkswagen, have also expressed interest in a possible tie-up with Leapmotor. However, the German group recently announced its intention to invest $700m in Xpeng (equivalent to 5% of the capital) and jointly develop electric vehicles in China.

A partnership would be in line with Carlos Tavares' asset-light strategy, after the company halted production at its only Chinese plant for Jeep last year and considered ending all car manufacturing in the country. Back in July, Tavares was pleased with his decision to downsize, saying that Volkswagen and GM were under pressure in the country as local manufacturers cut prices like Tesla. Stellantis has retained a joint venture with Dongfeng Motor, which sells Peugeot and Citroën cars in China.

3 - Investigation into Chinese subsidies for electric cars: as imports soar, the EU has very recently (13/09/2023) opened an anti-subsidy investigation into Chinese BEVs. Over the last decade, the Chinese have benefited from substantial government support. Given the high tariffs in the US (25% compared with 10% in Europe) and Sino-American tensions, the EU is an obvious target for China.

Chinese carmakers have never had much credibility in the traditional vehicle market. On the other hand, the electric car is changing the game because its value chain is eliminating the engine in favour of batteries and software, expertise that has been dominated for more than 10 years by the Chinese ecosystem. BYD is both the leading Chinese manufacturer and the world leader in battery production.

China is the world's leading exporter of cars, ahead of Japan and Germany. A significant proportion of its exports come from Western manufacturers, who have found expertise and high-quality supplies in China.

However, European manufacturers are handicapped by the obligation to finance both electric and conventional vehicles. They also have to make their industrial transition in a very short space of time.

By giving Tesla a value comparable to that of all its competitors, the financial markets have decided that the traditional players will not survive. This is probably why the EU is launching an anti-dumping investigation. The parallel drawn by Mrs Von der Leyen with the solar panel industry is representative of the situation, since this industry has been totally wiped out in Europe by Chinese competition. However, curbing Chinese competition is one thing, but enabling European players to catch up with Chinese players, who are at least three years ahead in the electrical sector, is quite another.

2 - Forvia on track

Recent results: over the period, the equipment manufacturer generated adjusted EBITDA of €1.607bn (+26.9%) on sales of €13.62bn (+21.3%). Operating profit rose by 69.6% to €675m, giving an operating margin of 5%, up 150 bp. Net cash flow rose by 11% to €172m. Forvia also recorded order intake in excess of €15 billion, a high level reflecting the strong combined momentum of Faurecia and Hella.

These figures are in line with expectations and point to a better second half thanks to the accelerated implementation of synergies. Forvia now expects its operating performance to pick up thanks to three levers of almost equal weight: 1/ improving the mix, 2/ better passing on cost inflation (negotiated in the first half and which will reach the income statement in the second half), and 3/ optimising fixed costs and merger synergies.

Order intake exceeded €15bn in H1-23 (with profitability ahead of the medium-term plan targets), showing a growing share of business in China, where 25% of orders were booked, with Forvia mentioning a strengthened partnership with BYD and Tesla.

Outlook: on the basis of actual growth in global automotive production in H1 and the expected trend in H2, Forvia has revised up its global automotive production forecast for 2023 to 86m light vehicles, compared with the previous estimate of 82m. This is still below the latest S&P Global Mobility forecast of 86.7m units, reflecting management's cautious stance. As a result, the Group has raised its sales and operating margin guidance for FY2023 to a level expected by consensus, and without tightening the ranges communicated (with the exception of the net debt/adjusted EBITDA target).

As a result, the Group has revised upwards its 2023 targets, with sales of between €26.5bn and €27.5bn (vs. €25.2bn and €26.2bn), an operating margin of between 5.2% and 6.2% (vs. 5% and 6%), confirming the sequential improvement seen in H2. 5% and 6%), confirming the sequential improvement in H2; net cash flow in excess of 1.5% of sales; and a net debt to adjusted EBITDA ratio of between 2.0x and 2.2x at 31 December 2023 (vs. 2.0x and 2.4x).

The €1bn disposal plan should be finalised in the coming months. The main unknown factor is the scale of other potential disposals that management is considering, which would make any announcement a positive trigger for the share price.

3 - LISI puts up a fight

Recent results: in H1-23, consolidated sales totalled €821.8m, up 18.2% on H1-2022. In line with the objective of maintaining positive organic growth in 2023, like-for-like sales growth was 17.4%. The EBITDA margin was 9.4%. It is suffering from the effects of widespread inflation on manufacturing costs, with a sharp rise in consumption (+20.3%), and has not yet fully benefited from the measures being discussed with our main customers to pass on the increase in selling prices. Profit from recurring operations was €36.9m, or 4.5% of sales, compared with 5.9% in H1-22. Net financial expense was €7.8m (€4.1m in H1-22). Net profit nevertheless remained positive at €13.5m (or 1.6% of sales), compared with €33.4m (4.8% of sales) in H1 2022. At €54.7m, cash flow represented 6.7% of sales. This will enable us to finance most of the €51.3m (6.2% of sales) investment requirement, which is mainly devoted to new products, innovation and multi-year industrial programmes.

The high level of working capital (88 days' sales compared with 84 days' sales at 31/12/22) reflects the acceleration in business and the maintenance of strategic inventories to meet uncertain supply lead times and to secure rising production levels in the Aerospace division.

Outlook: annual sales should increase thanks to high order books for new products in its three divisions. LISI should gradually return to a level of performance in line with its inflation-adjusted targets over H2. In 2023, the Group continues to aim for an increase in financial indicators in absolute terms, conditional on the favourable outcome of current commercial negotiations, and a positive FCF with the reduction in inventories.

4 - SEB continues to grow

Recent results: the Group achieved a satisfactory performance in Q2 in terms of both sales and profitability. The Consumer business returned to organic growth, fuelled by key historical markets such as Western Europe and China. The Professional business had an excellent start to the year, with lfl sales up 25% in H1-23. In Q2, sales reached €1.79 billion (+2.3%). Organic sales rose by 6.8%, driven by the EMEA region (+12.8%, of which +3.3% in Western Europe and +37.3% in other EMEA countries). Sales were driven by Consumer business (+5.2% vs. -6.6% in Q1 23) and Professional business (+21% vs. +29% in Q1 23). In the Consumer business, EMEA (+12.8%) and China (+5.5% vs. -4.6% in Q1 23) were the biggest contributors. In the Professional segment, growth was driven by contracts for coffee machines in China and strong expansion in Germany, the United Kingdom and the United States. In H1 23, sales totalled €3,612m (-1.5% and +1.3% lfl) and operating profit from ordinary activities was €180m (-9.5%), or 5% of sales.

Free cash flow came to €132m (vs. €683m in H1 22). Operating working capital improved to 18.1% of sales (-4.2pts vs. H1 22) (vs. 17.5% of sales at end 22) thanks to a sharp reduction in inventories. At 30 June 23, net debt stood at € 2,346 million (-4%) (+19%

vs. end 22), taking into account the financing of acquisitions, the payment of the 2022 dividend and share buybacks for Seb and Supor.

Outlook: the full-year guidance has been revised upwards to include organic sales growth of +5% and an increase in operating profit of at least +10%. On a reported basis, there should be a negative currency impact of around 5% on total sales, and a neutral effect on operating income, given past price increases to offset currency depreciation in emerging countries.

5 - Spie gains market share

Recent results: Spie announced H1-23 Production of €4,114m, up +9.6% on H1 2022 (+9.8% organic). Q2 Production increased by +8% compared to Q2 2022 (+8.8% organic). EBITA was €220m, up 16.1% on H1 2022. The EBITA margin was 5.3%, up 30bp, and adjusted net profit rose by 15.1% to €122.3m.

Working capital remained structurally negative against a backdrop of strong organic growth. The fall in the debt-to-equity ratio to 2.3x at end-June 2023, compared with 2.8x at end-June 2022 (excluding the impact of IFRS 16) confirms the cash generation model.

Outlook: the good results for H1-2023 have enabled us to revise our full-year forecasts upwards, with organic growth of at least 6% and an EBITA margin increase of around +30bp. Strategically, the focus remains on bolt-on acquisitions, which remain at the heart of our business model. The dividend payout ratio remains unchanged at around 40% of adjusted net profit attributable to equity holders of the parent.

6 - Tikehau holding up well

Recent results: the Group has announced assets under management of €40.5 billion at 30 June 2023, an increase of 14% compared with 30 June 2022.

Net new money came to €3.3bn in H1-23, in a lacklustre market. Realised income from the portfolio rose by 4%, driven by the growing contribution from Tikehau Capital funds. With €72m of net investment income in H1, Tikehau Capital is well positioned to weather the current period. The balance sheet is solid, with €3.1bn of equity and €1.1bn of short-term financial resources. At 30 June 2023, the amounts available for investment in the funds managed by the Group and on its balance sheet ("dry powder") represented €7.8bn (of which €6.7bn at fund level).

Outlook: H2-2023 should be marked by :

- The launch of the 6th vintage of Direct Lending's flagship strategy, one year after the 5th generation closed at €3.3bn;

- The marketing of the second vintage of the private equity decarbonisation strategy, buoyed by the solid performance of the first generation, which completed several value-creating disposals and,
- The launch of the second vintage of the secondary private debt fund, a strategy that delivers high returns.

The 2026 objectives have been reiterated, i.e. aUM of at least €60bn by that date.

Update of our 3 scenarios

Theia Recherche offers investors a central scenario, which we consider likely, and two alternative scenarios, one more optimistic, the other more pessimistic. With an unchanged discount, our central scenario shows potential upside of 31%.

To reflect the high level of uncertainty in the markets, we do not believe it is appropriate to use price targets for listed companies in both the central scenario and the optimistic scenario.

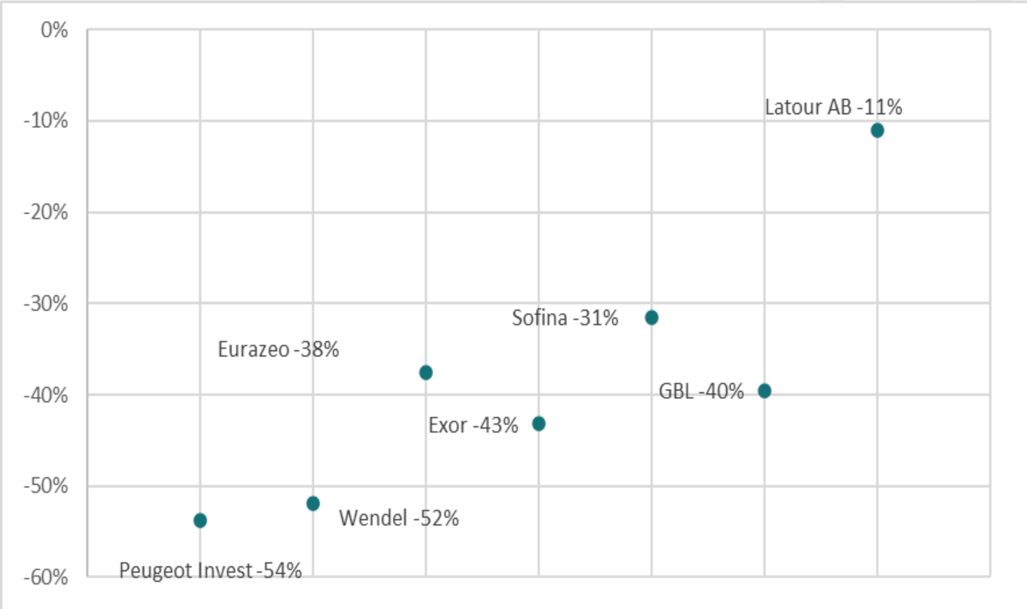
We have selected :

- price targets for the optimistic scenario only,
- **apply a 50% discount to the targets for the central scenario,**
- and use the current price for the conservative scenario.

Each scenario is based on a NAV calculation that distinguishes between :

- Equity interests (55% of total gross assets at 30/06/23)
    - Those listed are valued, for the optimistic scenario, at their 12-month price target provided by the market consensus, for the central scenario at 50% of the price target potential and for the conservative scenario at the current price;
    - Unlisted holdings to which we apply a flat-rate IRR of 10% (these are companies where the Group has an influence in governance, for example International SOS.
- Private equity vehicles, unlisted co-investments, property assets and certain listed assets (such as KDP) intended to be monetised.
    - IRR of 20% for the optimistic scenario,
    - IRR of 15% for the central scenario,
    - IRR of 10% for the conservative scenario.

Graphics 10 : European holdings discounts/premiums at 15/09/2023



Source: Theia Recherche, Factet, companies

Central scenario: taking account of changes led by P EUG

It is based on a 12-month IRR of 15% for unlisted assets. This results in a potential NAV of €266 per share and a 31% rise in the share price.

Table 2 : Central scenario

Stellantis	19,5	224 075	4 363
Faurecia	24,6	6 050	149
Peugeot 1810 (76.5%) - A			3 451
Lisi (total)	26,0	10 400	270
SEB	108,1	2 224	240
Orpea	3,9	3 261	13
CIEL	6,1	115 000	15
Tikehau Capital	25,7	3 100	80
Spie	31,3	8 500	266
Immobilières Dassault			68
Listed holdings - B			951
Unlisted holdings - C	12-month IRR	10%	627
Total investments D = B+C			5 030
Private equity vehicles - E	15%		1 028
Co-Investment - F	15%		1 247
Other financial assets and liabilities			176
Treasury			49
Other assets - J			225
Total gross revalued assets A+D+E+F+J			7 529
Debt			-911
Net asset value			6 618
Net asset value per share			
Potential increase in NAV/spot			266
Share price at 30/06/23			202
Target discount/target price	55%		266
Price upside potential			31%

Source: Factset, Theia Research

Conservative scenario: status quo

It is based on stable share prices for listed holdings, a 12-month IRR of 10% for unlisted assets and a 50% discount. This gives a potential NAV of €229 per share and a potential share price of €115, i.e. an increase of 13%.

Table 3 : Conservative scenario

30/06/2023	Course (ML)	Number of shares	Value (€m)
Stellantis	16,08	224 075	2 760
Faurecia	21,57	6 050	101
Peugeot 1810 (76.5%) - A		76,50%	2 861
Lisi (total)	26,3	10 400	176
SEB	94,65	2 224	210
Orpea			
CIEL	1,8895	3 261	6
Tikehau Capital	6,1	115 000	15
Spie	22,65	3 100	65
Immobilières Dassault	29,6	8 500	252
Listed holdings - B	50,4	1 333	68
Unlisted holdings - C			792
Total investments D = B+C			570
Private equity vehicles - E	**10%**		983
Co-Investment - F	10%		1 192
Other financial assets and liabilities			176
Treasury			49
Other assets - J			225
Total gross revalued assets A+D+E+F+J			6 625
Debt			-911
Net asset value			5 714
Net asset value per share			229
Potential increase in NAV/spot			
Share price at 30/06/23			102
Target discount/target price	55%		115
Price upside potential			**13%**

Source: Factset, Theia Research

Optimistic scenario: profound change in perception

It is based on an IRR of 20% for unlisted assets and a 20% discount. This gives a potential NAV of €296. Applying a discount of 20% instead of the current 55% would result in a very significant rise in the share price.

Table 4: Optimistic scenario

	Factset price target	Number of shares	Target value (€m)
Stellantis	22,9	224 075	5 122
Faurecia	27,6	6 050	167
Peugeot 1810 (76.5%) - A			4 046
Lisi (total)	25,7	10 400	267
SEB	121,5	2 224	270
Orpea	3,9	3 261	13
CIEL	6,1	115 000	15
Tikehau Capital	28,7	3 100	89
Spie	32,9	8 500	280
Immobilières Dassault	5%		71
Listed holdings - B			1 005
Unlisted holdings - C	12-month IRR	10%	627
Total investments D = B+C			1 632
Private equity vehicles - E	20%		1 073
Co-Investment - F	20%		1 301
Other financial assets and liabilities			176
Treasury			49
Other assets - J			225
Total gross revalued assets A+D+E+F+J			8 277
Debt			-911
Net asset value			7 366
Net asset value per share			**296**
Potential increase in NAV/spot			
Share price at 30/06/23			102
Target discount/target price			236
Price upside potential	20%		235%

Source: Factset, Theia Research

Income statement at 31/12 (€m)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Income from long-term investments	99	53	89	159	172	230	154	186	227	640	309
Income from investment property	2	1	1	1	3	1	2	2	5	6	13
Revenue from other activities	3	4	3	3	3	4	4	3	3	0	0
Revenue from ordinary activities	**104**	**57**	**93**	**164**	**178**	**235**	**160**	**190**	**235**	**646**	**322**
General administration costs	-10	-12	-15	-17	-18	-21	-23	-32	-37	-36	-37
Impairment of available-for-sale assets	-11	-1	-2	-5	-1	-4					
Cost of debt	-13	-14	-14	-12	-10	-13	-15	-20	-28	-29	-28
Pre-tax profit of consolidated companies	**70**	**30**	**61**	**130**	**150**	**197**	**122**	**138**	**170**	**581**	**257**
Share of net profit of associates	-971	-1 096	236	32	18	21	6	9	-14	13	**24**
Consolidated profit before tax	**-901**	**-1 066**	**298**	**161**	**168**	**218**	**128**	**147**	**155**	**594**	**281**
Income tax (including deferred tax)	0	0	10	-3	-18	4	-13	-16	11	-75	-17
Consolidated net profit	**-901**	**-1 066**	**307**	**159**	**150**	**222**	**115**	**131**	**166**	**518**	**264**
Minority interests	0	0	1	1	0	0	0	0	-32	-62	-48
Group share	-900	-1 066	308	159	150	222	115	131	134	456	237
Per share											
published	-35,8	-42,4	12,2	6,3	6,0	8,9	4,6	5,3	5,4	18,3	9,5
diluted	35,8	-42,4	12,2	6,4	6,0	9,0	4,6	5,3	5,4	`18,41	`9,56
Average number of shares											
published	25,16	25,16	25,16	25,16	25,07	25,07	24,92	24,92	24,92	24,92	24,92
diluted											

Source : Peugeot Invest

Other comprehensive income at 31/12 (€m)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Consolidated net profit	-901	-1 066	307	159	150	222	115	131	166	521	264
Impact of associates on net comprehensive income	-399	-120	1	9	-3	-6	7	17	11	9	17
Net revaluation of financial assets	147	198	84	580	26	323	-264	372	203	-313	-1 217
Capital gains on disposals of equity interests							232	137	94	1 235	18
Net revaluation of derivatives	-6	-17	23	3	-2	3	-1	-3	0	4	14
Exchange differences						-14	12	10	-49	46	31
Other direct revaluations net of equity			-2	-7	11	-16	11	7	-3	41	20
Total other comprehensive income	-258	62	106	585	32	292	-4	540	255	1 023	-1 116
CONSOLIDATED COMPREHENSIVE INCOME	**-1 159**	**-1 004**	**413**	**743**	**182**	**513**	**111**	**671**	**422**	**1 541**	**-831**
Of which Group share	-1 159	-1 004	413	744	182	513	111	671	112	1 286	-677
Minority interests	0	0	-1	-1	0	0	0	0	310	255	-154

Source : Peugeot Invest

Cash flow at 31/12 (€m)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Consolidated net profit	-901	-1 066	307	159	150	222	115	131	166	518	286
Net depreciation, amortisation and provisions	13	1	2	5	1	5	2	1	1	1	1
Non-cash income										-173	
Gains and losses on disposals of non-current assets	-72	-30	-63	-48	-135	-153	2	-7	-61	-34	-124
Unrealised gains and losses linked to changes in fair value	1	3	4	-80	-2	0	-73	-63	-148	-296	90
Share of profit of associates, net of dividends received	975	1 099	-232	-28	-14	-16	-1	-4	16	-11	-1
Cost of net financial debt	13	14	14	12	10	13	15	20	29	29	28
Tax expense (current and deferred)	0	0	-10	3	18	-4	13	16	-11	75	17
Cash flow before cost of net debt and tax	**29**	**21**	**22**	**23**	**28**	**66**	**72**	**94**	**-8**	**109**	**296**
Tax payable	0	-1	0	-6	-3	0	-7	-7	-1	-12	-36
Change in operating working capital requirement	-10	6	-2	8	-7	-2	14	1	-14	-15	-9
Net cash flow from operating activities	**18**	**26**	**21**	**25**	**18**	**64**	**79**	**88**	**-22**	**82**	**252**
Acquisitions of tangible and intangible fixed assets	0	0	0	-1	0	-2	-1	0	0	0	-2
Proceeds from disposals of property, plant and equipment and intangible assets		0	0	0	0	0	0	0	0		0
Acquisitions and disposals of treasury shares	0	0	-3	-1	0	-29	-1	0	0	0	-1
Acquisitions of financial assets	-120	-15	-197	-148	-169	-439	-382	-453	-473	-758	-318
Proceeds from disposals of long-term investments	166	48	196	47	84	346	249	235	273	631	502
Change in other non-current assets	-7	0	-3	33	-3	-8	7	0	-11	1	-4
Net cash used in investing activities	**39**	**32**	**-7**	**-70**	**-88**	**-132**	**-128**	**-218**	**-212**	**-126**	**177**
Dividends paid during the year	-28	0	0	-50	-40	-45	-49	-53	-53	-58	-66
Proceeds from new borrowings	51	14	7	1	112	243	107	301	373	87	-243
Loan repayments	-48	-54	0	-52	-1	-110	0	-79	0	0	0
Change in other non-current financial liabilities	-19	-4	-1	163	-1	5	0	0	0	0	0
Net interest paid	-13	-14	-14	-12	-10	-13	-15	-19	-28	-28	-28
Net cash flows from financing activities	**-57**	**-59**	**-8**	**50**	**60**	**79**	**42**	**149**	**291**	**0,4**	**-336,8**
Change in net cash and cash equivalents	1	-1	7	5	-10	11	-6	19	57	-44	92
Cash and cash equivalents at beginning of year	4	5	4	11	16	6	17	11	31	88	52
Cash and cash equivalents at end of period	5	4	11	16	6	17	11	31	88	52	70

Source : Peugeot Invest

Balance sheet at 31/12 (€m)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Concessions, patents and similar assets	0	0	0	0	0	0	0	0	0	0	0
Intangible fixed assets	0	0	0	0	0	0	0	0	0	0	0
Investment property	17	16	16	16	18	18	19	19	22	27	
Land	13	13	13	13	13	13	13	13	13		
Buildings	1	0	0	0	0	0	2	2	1		1
Plantations	1	1	1	1	1	1	1	1	1		
Other fixed assets	0	0	1	1	1	2	1	1	1	1	1
Rental rights of use								4	3	3	4
Property, plant and equipment	32	32	31	32	34	35	36	41	43	30	6
Investments in associates (accounted for by the equity method)	2 033	815	206	286	222	248	258	287	274	300	321
Non-consolidated holdings	1 002	1 200	2 035	2 686	2 967	3 341	3 172	3 792	4 738	5 834	4 598
Long-term portfolio securities (TIAP)	151	164	259	363	485	745	1 133	1 515	1 607	2 210	2 346
Other non-current financial assets	10	16	114	206	4	12	6	6	25	27	43
Non-current financial assets	3 195	2 195	2 616	3 540	3 678	4 347	4 568	5 600	6 644	8 371	7 308
Deferred tax assets	12	22	16	21	3	5	3	4	29	12	2
Non-current assets	3 239	2 248	2 663	3 593	3 715	4 386	4 607	5 644	6 716	8 413	7 316
Stocks	9	10	10	11	10	10	7	8	9		
Current tax	4	0	1	0	2	4	0		7	0	5
Other receivables	2	1	1	1	2	7	2	3	5	14	25
Cash and cash equivalents	5	4	11	16	6	17	11	31	88	52	70
Current assets	20	15	23	29	20	38	21	41	108	66	101
Total assets	**3 259**	**2 264**	**2 686**	**3 622**	**3 736**	**4 424**	**4 628**	**5 685**	**6 825**	**8 479**	**7 417**
Capital contributed	25	25	25	25	25	25	25	25	25	25	25
Additional paid-in capital	158	158	158	158	158	158	158	158	158	158	158
Reserves	3 546	2 708	1 744	2 586	2 737	3 104	3 271	3 874	4 011	4 928	4 405
RESULT FOR THE YEAR (Group share)	-900	-1 066	308	159	150	222	115	131	134	456	237
Total capital and reserves (Group share)	2 829	1 825	2 236	2 928	3 070	3 509	3 570	4 189	4 328	5 568	4 825
Minority interests	1	0	0	-1	-1	0	0	-1	619	859	651
TOTAL SHAREHOLDERS' EQUITY	**2 830**	**1 826**	**2 236**	**2 928**	**3 069**	**3 509**	**3 569**	**4 188**	**4 947**	**6 427**	**5 476**
Non-current financial liabilities	376	372	376	593	587	817	935	1 340	1 713	1 814	1 779
Deferred tax liabilities	40	52	56	85	68	83	98	134	125	206	164
Provisions	0	0	0	0	1	1	1	1	1	1	0
Other non-current liabilities	0	0	1	0	1	0	0	0	0		
TOTAL NON-CURRENT LIABILITIES	417	424	432	679	656	901	1 034	1 474	1 838	2 021	1 943
Current financial liabilities	10	10	15	5	5	7	12	9	10	7	14
Current tax		0	0	5	0	0	7	2	13	13	9
Other liabilities	3	4	3	6	5	8	6	11	17	11	13
TOTAL CURRENT LIABILITIES	12	14	18	15	10	14	25	23	39	31	36
Total liabilities	**3 259**	**2 264**	**2 686**	**3 622**	**3 736**	**4 424**	**4 628**	**5 685**	**6 825**	**8 479**	**7 455**

Source : Peugeot Invest

Risk of conflicts of interest

Nature	
Consultancy contracts of any kind	No
Research contract	Yes
Equity investment by Theia Research or the author of the study	No
Proofreading by the company	No
Other	No

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