



# Chargeurs

Support Services / France

## Upbeat start to 2022 propelled by strong growth in the traditional businesses

Earnings/sales releases - 13/05/2022

Chargeurs released excellent Q1 revenues across all the historical divisions (i.e. excluding Healthcare Solutions), posting solid double-digit organic growth rates. This was led by a record quarter for Protective Films and an encouraging recovery in the Fashion Technologies and Luxury Materials divisions to their pre-pandemic levels. The Q1 performance hints that Chargeurs' pricing power should help to offset the effects from rising input costs, while full order books underpin confidence in the upbeat full-year outlook.

### Fact

Chargeurs attained a group top-line of €204m in Q1 22, corresponding to a +12.6% reported growth (+8.1% lfl). The increase was mainly driven by the Protective Films and Fashion Technologies divisions, which recorded revenues of €96m (+22.0% lfl) and €52m (+57.6% lfl), respectively. The strong growth across the historical businesses more than offset the decline in Healthcare Solutions (-85.4% lfl to €6m). Museum Solutions saw a significant increase in sales, reporting +24.6% organic growth and benefitting from an additional +21.3% scope effect due to the consolidation of Event Communications (since 1 January 2022).

### Revenue break-down by division

€m	1st quarter		chg. 22 vs. 21		chg. 22 vs. 20		chg. 22 vs. 19	
	2022	2021	reported	like-for-like	reported	like-for-like	reported	like-for-like
Protective Films	95.9	76.5	+25.4%	+22.0%	+35.3%	+35.3%	+38.6%	+37.6%
Fashion Technologies (Chargeurs*PCC)	51.6	31.5	+63.3%	+57.6%	+14.2%	+19.2%	-2.6%	+3.6%
Luxury Materials	31.0	18.4	+68.5%	+66.3%	+3.0%	+1.3%	+0.3%	-0.0%
Museum Solutions	18.9	12.6	+50.0%	+24.6%	+67.3%	+12.4%	+133.3%	+14.8%
<b>Chargeurs excl. Healthcare Solutions</b>	<b>197.4</b>	<b>139.1</b>	<b>+41.9%</b>	<b>+36.2%</b>	<b>+25.3%</b>	<b>+20.6%</b>	<b>+22.5%</b>	<b>+16.6%</b>
Healthcare Solutions	6.1	41.7	-85.4%	-85.4%				
<b>Chargeurs</b>	<b>203.5</b>	<b>180.8</b>	<b>+12.6%</b>	<b>+8.1%</b>	<b>+29.2%</b>	<b>+24.6%</b>	<b>+26.2%</b>	<b>+20.3%</b>

Source: Company reports

The company also announced the launch of a share buyback programme, until 6 October 2023, authorized for up to €8m at a maximum price per share of €30.

### Analysis

The excellent Q1 sales performance seen across Chargeurs' historical divisions (i.e. excluding Healthcare Solutions) bodes well for the group's ability to navigate a turbulent operating environment and contend with the headwinds from rising input costs. On another note, as the Covid-19-driven revenue boost from Healthcare Solution cools, we now have a better idea of a baseline level of activity in a "post-pandemic" world; a foreseeable normalization that appears to be more than compensated by the growth in Chargeurs' traditional businesses.

Protective Films posted yet another strong quarter (sales up +22.0% lfl), this time bolstered by a positive price effect, as a number of price increases were passed on over the quarter to offset rising polyethylene costs. The strong demand and full order books should allow CPF to continue executing on its pricing discipline. While pressure on margins cannot be ruled out, especially as raw material prices remain at high levels, management sees a FY performance approaching that of last year, which matches our current forecasts for the division (7.8% adjusted



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

Buy	Upside: 82.0%
Target Price (6 months)	€ 32.6
Share Price	€ 17.9
Market Cap. €M	442
Price Momentum	UNFAVORABLE
Extremes 12Months	16.3 ▶ 27.8
Sustainability score	4.9 /10
Credit Risk	BBB →
Bloomberg	CRI FP Equity
Reuters	CRIP.PA


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PERF	1w	1m	3m	12m
Chargeurs	4.93%	0.68%	-22.8%	-12.6%
Support Services	-4.07%	-4.98%	-6.55%	-3.44%
STOXX 600	-3.16%	-7.06%	-9.62%	-3.09%

Last updated: 13/05/2022	12/21A	12/22E	12/23E	12/24E
Adjusted P/E (x)	17.7	13.6	12.1	8.89
Dividend yield (%)	5.37	4.25	4.81	6.15
EV/EBITDA(R) (x)	9.03	6.71	6.06	4.90
Adjusted EPS (€)	1.30	1.32	1.48	2.01
Growth in EPS (%)	-14.9	1.32	12.5	35.5
Dividend (€)	1.24	0.76	0.86	1.10
Sales (€M)	737	797	854	926
Underlying operat. profit ma...	6.88	7.15	7.55	8.91
Attributable net profit (€M)	30.6	31.4	35.3	48.1
ROE (after tax) (%)	12.1	11.4	11.7	14.2
Gearing (%)	45.6	41.8	37.3	29.9

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operating margin in FY22).

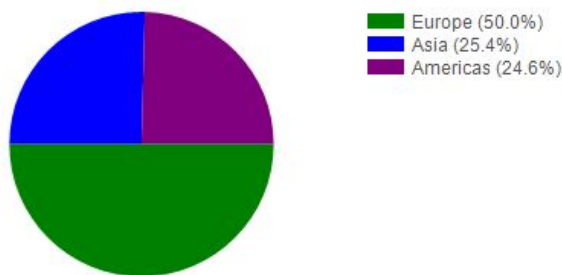
Benefitting from the pick-up in demand from fashion and luxury customers, Fashion Technologies posted an encouraging jump in revenues, up +57.6% in organic terms, back to its pre-pandemic levels. This was also the case for Luxury Materials (+66% lfl). CFT-PCC's revival appears to have materialised earlier than anticipated (we expected a return to the 2019 levels by end-2022/early 2023), mainly supported by a strong volume effect, but also price increases to pass on higher polyester and polyamide costs. While we don't expect margins to recover their 2019 levels just yet (our FY22 forecast is 5.8% versus 8.3% in FY19), the current trend supports a more upbeat view for the full year.

Following the consolidation of Event Communications, acquired last year, and benefitting from a gradual recovery in the historical technical textiles activities, CMS posted a solid +50% reported/24.6% lfl growth. Chargeurs' notes that this is just the start, as the museum business is set to expand significantly with a multi-year order book of projects that affords good visibility on the division's prospects.

### ■ Impact

We will be raising our top-line forecasts based on the strong Q1 performance, particularly for CPF, CFT-PCC and CLM. On the other hand, we will adjust our expectations for CHS based on a baseline activity in a "post-pandemic" environment as shown in the Q1 results. The net impact on our FY22 estimates from these changes is expected to be positive overall, further confirming our positive stance on Chargeurs.

## Sales by Geography



## Consolidated P&L Accounts

	12/21A	12/22E	12/23E
Sales	€M 737	797	854
Change in sales	% -10.4	8.21	7.08
Change in staff costs	% 8.75	3.28	3.26
EBITDA	€M 73.8	80.5	88.5
<b>EBITDA(R) margin</b>	<b>% 10.0</b>	<b>10.1</b>	<b>10.4</b>
Depreciation	€M -23.1	-23.6	-24.0
Underlying operating profit	€M 45.2	51.5	59.0
<b>Operating profit (EBIT)</b>	<b>€M 41.2</b>	<b>45.5</b>	<b>53.0</b>
Net financial expense	€M -10.6	-10.0	-10.5
of which related to pensions	€M	-0.06	-0.11
Exceptional items & other	€M		
Corporate tax	€M -0.50	-4.72	-7.89
Equity associates	€M 0.70	0.70	0.70
Minority interests	€M -0.20	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>€M 30.6</b>	<b>31.4</b>	<b>35.3</b>
NOPAT	€M 32.3	36.8	42.1

## Cashflow Statement

	12/21A	12/22E	12/23E
EBITDA	€M 73.8	80.5	88.5
Change in WCR	€M 21.9	-8.18	-11.3
Actual div. received from equity holdi...	€M 0.00	0.00	0.00
Paid taxes	€M -6.10	-4.72	-7.89
Exceptional items	€M		
Other operating cash flows	€M -11.7	-8.00	-8.00
Total operating cash flows	€M 77.9	59.6	61.3
Capital expenditure	€M -13.0	-17.3	-18.0
Total investment flows	€M -16.9	-27.3	-28.0
Net interest expense	€M -10.6	-10.0	-10.5
Dividends (parent company)	€M -17.7	-24.1	-13.1
Dividends to minorities interests	€M 0.00	0.00	0.00
New shareholders' equity	€M 0.00	0.00	0.00
Total financial flows	€M -54.0	-37.8	-74.1
Change in cash position	€M 10.2	-5.47	-40.8
<b>Free cash flow (pre div.)</b>	<b>€M 54.3</b>	<b>32.3</b>	<b>32.8</b>

## Per Share Data

	12/21A	12/22E	12/23E
No. of shares net of treas. stock (year...)	Mio 24.0	23.7	23.8
Number of diluted shares (average)	Mio 23.5	23.8	23.8
<b>Benchmark EPS</b>	<b>€ 1.30</b>	<b>1.32</b>	<b>1.48</b>
Restated NAV per share	€		
<b>Net dividend per share</b>	<b>€ 1.24</b>	<b>0.76</b>	<b>0.86</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 37.7	35%	● AkzoNobel
NAV/SOTP per share	€ 38.4	20%	● Rentokil Initial
EV/Ebitda	€ 24.7	20%	● Quadient
P/E	€ 20.1	10%	● Teleperformance
Dividend Yield	€ 34.0	10%	● Bureau Veritas
P/Book	€ 26.3	5%	
TARGET PRICE	€ 32.6	100%	

### NAV/SOTP Calculation

## Balance Sheet

	12/21A	12/22E	12/23E
Goodwill	€M 189	195	202
Total intangible	€M 238	245	251
Tangible fixed assets	€M 85.3	92.3	99.3
Financial fixed assets	€M 7.90	7.90	7.90
WCR	€M -18.0	-9.82	1.49
Other assets	€M 42.4	42.4	42.4
Total assets (net of short term liab.)	€M 418	440	466
<b>Ordinary shareholders' equity</b>	<b>€M 267</b>	<b>286</b>	<b>319</b>
Quasi Equity & Preferred	€M		
Minority interests	€M -0.60	-0.60	-0.60
Provisions for pensions	€M 14.6	13.1	13.4
Other provisions for risks and liabilities	€M 13.8	13.8	13.8
Total provisions for risks and liabilities	€M 28.4	26.9	27.2
Tax liabilities	€M -36.9	-36.9	-36.9
Other liabilities	€M 42.4	42.4	42.4
<b>Net debt (cash)</b>	<b>€M 117</b>	<b>122</b>	<b>115</b>
Total liab. and shareholders' equity	€M 418	440	466

## Capital Employed

	12/21A	12/22E	12/23E
Capital employed after depreciation	€M 345	367	392

## Profits & Risks Ratios

		12/21A	12/22E	12/23E
<b>ROE (after tax)</b>	%	<b>12.1</b>	<b>11.4</b>	<b>11.7</b>
ROCE	%	9.38	10.0	10.7
<b>Gearing (at book value)</b>	%	<b>45.6</b>	<b>41.8</b>	<b>37.3</b>
Adj. Net debt/EBITDA(R)	x	2.01	1.91	1.66
Interest cover (x)	x	4.26	5.17	5.68

## Valuation Ratios

		12/21A	12/22E	12/23E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>17.7</b>	<b>13.6</b>	<b>12.1</b>
Free cash flow yield	%	9.82	7.62	7.69
P/Book	x	2.07	1.48	1.34
<b>Dividend yield</b>	<b>%</b>	<b>5.37</b>	<b>4.25</b>	<b>4.81</b>

## EV Calculation

	12/21A	12/22E	12/23E	
Market cap	€M 553	424	427	
+ Provisions	€M 28.4	26.9	27.2	
+ Unrecognised actuarial losses/(gains)	€M 0.00	0.00	0.00	
+ Net debt at year end	€M 85.9	90.0	82.6	
+ Leases debt equivalent	€M 31.4	32.0	32.0	
- Financial fixed assets (fair value)	€M 32.3	32.3	32.3	
+ Minority interests (fair value)	€M 0.00	0.00	0.00	
= EV	€M 666	541	536	
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>9.03</b>	<b>6.71</b>	<b>6.06</b>
EV/Sales	x	0.90	0.68	0.63

Analyst : Jorge Velandia, Changes to Forecasts : 13/05/2022.