



Chargeurs^{CR}

Holding Companies / France

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Volume growth confirmed

Earnings/sales releases - 18/11/2014

■ Fact

Chargeurs posted 9% sales growth over Q3 14. 9 months sales are up 4.1%.

The Protective Film division is up 11.6% over Q3 and +9% over 9 months.

The Interlining business is flat on the quarter and down 4% over the first 9 months.

The Wool unit is up 23% on the quarter and nearly 9% over 9 months.

■ Analysis

These trends are very satisfactory as they show accelerating trends over Q3. The quarterly figures confirm that Chargeurs is on track for a good year even though management leans on the side of cautiousness with unchanged guidance for 2014, with revenues seen at €470m and a recurring operating result at €19m. AlphaValue is more optimistic on both counts at respectively €475m and €20.5m.

The volume gains are the positive pieces of news across the businesses. Such gains are quoted at 6.9% for the first 9 months. This is obviously partly offset by negative FX impacts mostly as far as the Interlining division is concerned. As already mentioned in the H1 update, stronger volumes can only help operating margins. The acceleration in growth over Q3 seen in the Protective Film business means that the high operating margins recorded in H1 may be sustainable in H2 after all.

The Q3 resilience of the Interlining revenues is less visible but certainly a positive development and indicative that next year this business should also be on an earnings recovery path.

■ Impact

Management's confidence appears vindicated by these solid underlying growth figures. We do not change our 2014 and 2015 forecasts for the time being as they are already more optimistic than guidance.

AlphaValue is contracted by Chargeurs to provide equity research on Chargeurs, using AlphaValue's unique and transparent methods and procedures. Target price and opinion are thus exclusively determined by those methods and procedures.

Buy

Upside : 120%

Target Price (6 months)	€ 10.7
Share Price	€ 4.88
Market Capitalisation €M	73.2
Price Momentum	UNFAVORABLE
Extremes 12Months	4.18 ▶ 6.10
Newsflow	Neutral
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

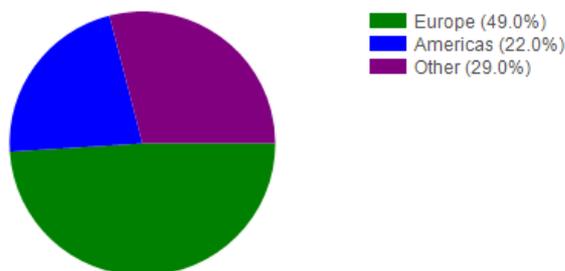
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PERF	1w	1m	3m	12m
Chargeurs	-6.15%	8.44%	-5.97%	0.83%
Other financials	0.13%	9.40%	1.22%	7.58%
STOXX 600	0.11%	6.47%	1.71%	4.50%

Last updated: 03/09/2014	12/12A	12/13A	12/14E	12/15E
Adjusted P/E (x)	-9.08	10.0	8.91	6.43
Dividend yield (%)	0.00	0.00	4.10	5.12
EV/EBITDA(R) (x)	6.37	2.69	3.52	3.10
Adjusted EPS (€)	-0.35	0.37	0.55	0.76
Growth in EPS (%)			46.5	38.6
Dividend (€)	0.00	0.00	0.20	0.25
Sales (€M)	525	467	475	495
Operating margin (%)	1.33	3.82	4.31	5.04
Attributable net profit (€M)	-15.1	3.30	11.9	16.7
ROE (after tax) (%)	-6.86	4.50	6.88	9.30
Gearing (%)	30.9	8.82	1.35	3.27

[Company Valuation](#) - [Company Financials](#)

Sales by Geography



Consolidated P&L Account

	12/13A	12/14E	12/15E
Sales	€M 467	475	495
Change in sales	% -11.1	1.87	4.23
Change in staff costs	% -9.93	-3.63	3.74
EBITDA	€M 26.4	31.3	35.0
EBITDA(R) margin	% 7.05	6.59	7.06
Depreciation	€M -8.60	-10.8	-10.0
Underlying operating profit	€M 17.8	20.5	25.0
Operating profit (EBIT)	€M 17.8	20.5	25.0
Net financial expense	€M -6.50	-4.63	-1.90
of which related to pensions	€M	-0.70	-0.63
Exceptional items & other	€M		
Corporate tax	€M -3.70	-4.40	-6.84
Equity associates	€M 0.30	0.40	0.50
Minority interests	€M 0.00	0.00	0.00
Adjusted attributable net profit	€M 3.30	11.9	16.7
NOPAT	€M 12.8	15.2	18.4

Cashflow Statement

	12/13A	12/14E	12/15E
EBITDA	€M 26.4	31.3	35.0
Change in WCR	€M 4.60	-6.50	-6.00
Actual div. received from equity holdi...	€M 0.30	0.40	0.50
Paid taxes	€M -4.00	-4.40	-6.84
Exceptional items	€M 0.00	0.00	0.00
Other operating cash flows	€M -8.90	-5.00	-5.00
Total operating cash flows	€M 18.4	15.8	17.6
Capital expenditure	€M -0.30	-19.6	-8.00
Total investment flows	€M 3.10	-21.6	-11.0
Net interest expense	€M -6.50	-4.63	-1.90
Dividends (parent company)	€M 0.00	0.00	-3.00
Dividends to minorities interests	€M 0.00	0.00	0.00
New shareholders' equity	€M 1.50	0.00	0.00
Total financial flows	€M -27.3	-27.7	-10.3
Change in cash position	€M -6.50	-33.5	-3.66
Free cash flow (pre div.)	€M 11.6	-8.42	7.71

Per Share Data

	12/13A	12/14E	12/15E
No. of shares net of treas. stock (year...)	Mio 22.9	22.9	22.9
Number of diluted shares (average)	Mio 22.9	22.9	22.9
Benchmark EPS	€ 0.37	0.55	0.76
Restated NAV per share	€		
Net dividend per share	€ 0.00	0.20	0.25

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 12.6	55%	■ Akzo Nobel
Dividend Yield	€ 7.54	20%	■ Solvay
DCF	€ 8.93	10%	■ Wendel
P/E	€ 9.76	10%	■ Bolloré
P/Book	€ 8.73	5%	■ GBL
TARGET PRICE	€ 10.7	100%	■ Sonae
			■ Hal Trust
			■ Eurazeo

NAV/SOTP Calculation

Balance Sheet

	12/13A	12/14E	12/15E
Goodwill	€M 63.8	63.8	63.8
Total intangible	€M 66.3	66.8	66.8
Tangible fixed assets	€M 37.5	40.0	42.0
Financial fixed assets	€M 25.7	26.0	26.0
WCR	€M 20.5	27.0	33.0
Other assets	€M 30.6	30.0	30.0
Total assets (net of short term liab.)	€M 184	194	203
Ordinary shareholders' equity	€M 171	174	185
Quasi Equity & Preferred	€M		
Minority interests	€M 3.30	4.00	4.00
Provisions for pensions	€M 12.7	8.41	8.76
Other provisions for risks and liabilities	€M 0.40	1.00	1.00
Total provisions for risks and liabilities	€M 13.1	9.41	9.76
Tax liabilities	€M -11.9	-12.0	-12.0
Other liabilities	€M 10.6	11.0	11.0
Net debt (cash)	€M -2.50	7.22	4.88
Total liab. and shareholders' equity	€M 184	194	203

Capital Employed

	12/13A	12/14E	12/15E
Capital employed after depreciation	€M 165	164	172

Profits & Risks Ratios

	12/13A	12/14E	12/15E
ROE (after tax)	% 4.50	6.88	9.30
ROCE	% 10.5	9.31	10.7
Gearing (at book value)	% 8.82	1.35	3.27
Adj. Net debt/EBITDA(R)	x 0.38	0.36	0.25
Interest cover (x)	x 2.34	5.23	19.6

Valuation Ratios

	12/13A	12/14E	12/15E
Reference P/E (benchmark)	x 10.0	8.91	6.43
Free cash flow yield	% 13.5	-7.54	6.91
P/Book	x 0.50	0.64	0.60
Dividend yield	% 0.00	4.10	5.12

EV Calculation

	12/13A	12/14E	12/15E
Market cap	€M 85.7	112	112
+ Provisions	€M 13.1	9.41	9.76
+ Unrecognised actuarial losses/(gains)	€M 0.00	0.00	0.00
+ Net debt at year end	€M -2.50	7.22	4.88
+ Leases debt equivalent	€M 15.0	4.00	4.00
- Financial fixed assets (fair value)	€M 26.0	26.0	26.0
+ Minority interests (fair value)	€M 3.30	4.00	4.00
= EV	€M 88.6	110	108
EV/EBITDA(R)	x 2.69	3.52	3.10
EV/Sales	x 0.19	0.23	0.22

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 03/09/2014.