

Confirmed robust 2015 sales

Earnings/sales releases - 27/01/2016

Analyst : Pierre-Yves GAUTHIER
otherfinancials@alphavalue.eu
T. : +33 (0) 1 70 61 10 50

Fact

Chargeurs posted 2015 sales up 4.3% after a Q4 up 9.1%. Adjusted for currency effects, 2015 sales growth is computed up 1.7% (excluding trading revenues on the Wool business). Total sales stood at €499m vs. €478 in 2014.

Separately management confirmed that its 2015 underlying Ebit will be above €27m.

Analysis

Chargeurs 2015 group sales stood a whisker away from our own expectations rounded out at €500m for good measure. The group's figures were above guidance. Such guidance may look cautious with the benefit of hindsight but reflects the reporting uncertainties attached to the truly global exposure of the Chargeurs businesses.

As was already clear from previous quarters, the nominal pull was from the Protective Film business, the group's current cash cow, and Technical Substrates, the rising star, recently extracted from the "old" Interlining division. Both "Film" and "Substrates" confirmed that they offer growth with respectively 10% and 22% over the full year. On an lfl basis, the figures become respectively 3.6% and 20%. Not bad.

The narrowed down "new" Interlining business posted a pretty satisfactory 4% FY increase. The currency impacts were not highlighted but Chargeurs did mention mix gains. It looks as if the focus on financially stronger clients, year after year, is paying off and enabling the company to focus on more profitable products in a challenging business.

The last division, Wool, is more of a trading type business revenue wise meaning that absolute sales levels don't tell us much.

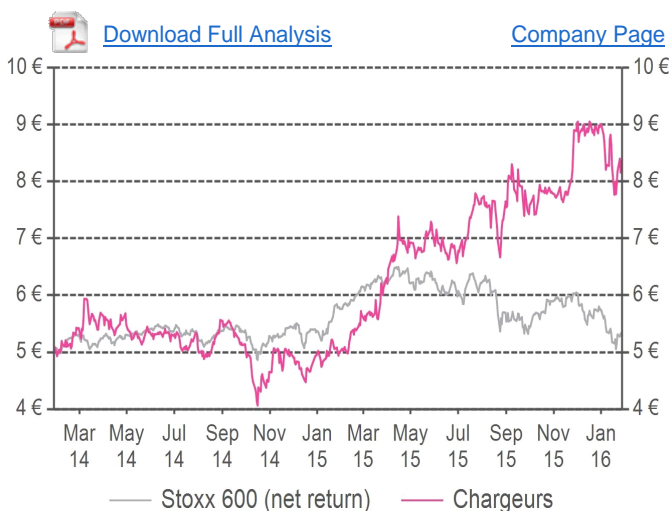
Impact

The strong top-line showing and confirmation that earnings will beat earlier guidance is a good start for the new governance. It appears that the new boss (Mr Michaël Fribourg) has not wasted time taking the full measure of the business, keeping a keen eye on cash generation while preparing a more growth-oriented strategy.

Awaiting earnings before revising our expectations, which are most likely on the way up.

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 : 56.5%
Target Price (6 months)	€ 13.1
Share Price	€ 8.36
Market Capitalisation €M	193
Price Momentum	GOOD
Extremes 12Months	4.94 ▶ 9.05
Newsflow	Neutral
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

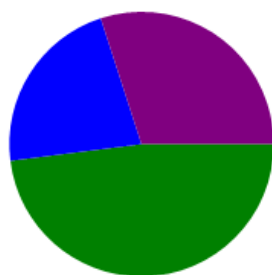


PERF	1w	1m	3m	12m
Chargeurs	7.46%	-5.54%	6.50%	67.2%
Other financials	5.83%	-5.44%	-5.85%	-0.61%
STOXX 600	5.57%	-6.65%	-8.51%	-7.72%

Last updated: 02/09/2015	12/13A	12/14A	12/15E	12/16E
Adjusted P/E (x)	10.1	9.90	10.5	9.54
Dividend yield (%)	0.00	3.75	3.67	3.59
EV/EBITDA(R) (x)	2.69	3.51	3.95	4.14
Adjusted EPS (€)	0.37	0.54	0.65	0.88
Growth in EPS (%)	n/a	45.8	21.1	34.4
Dividend (€)	0.00	0.20	0.25	0.30
Sales (€M)	467	478	500	520
Operating margin (%)	3.82	4.47	5.29	5.73
Attributable net profit (€M)	3.20	11.2	13.5	20.2
ROE (after tax) (%)	4.44	6.14	6.45	8.69
Gearing (%)	8.82	-3.04	-5.29	-8.49

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

Sales by Geography



■ Europe (48.0%)
■ Americas (22.0%)
■ Other (30.0%)

Consolidated P&L Account

		12/14A	12/15E	12/16E
Sales	€M	478	500	520
Change in sales	%	2.53	4.63	3.96
Change in staff costs	%	2.32	2.81	3.50
EBITDA	€M	31.6	37.0	40.8
EBITDA(R) margin	%	6.61	7.39	7.85
Depreciation	€M	-8.90	-9.50	-10.0
Underlying operating profit	€M	22.7	27.5	30.8
Operating profit (EBIT)	€M	21.4	26.2	29.8
Net financial expense	€M	-6.30	-4.20	-3.10
of which related to pensions	€M	-0.40	-0.32	-0.21
Exceptional items & other	€M			
Corporate tax	€M	-4.30	2.45	-6.82
Equity associates	€M	0.40	-10.7	0.50
Minority interests	€M	0.00	-0.20	-0.20
Adjusted attributable net profit	€M	11.7	15.0	20.2
NOPAT	€M	16.6	8.82	22.2

Cashflow Statement

		12/14A	12/15E	12/16E
EBITDA	€M	31.6	37.0	40.8
Change in WCR	€M	8.60	-7.80	3.00
Actual div. received from equity holdi...	€M	0.70	0.50	0.50
Paid taxes	€M	-4.60	2.45	-6.82
Exceptional items	€M	0.00	0.00	0.00
Other operating cash flows	€M	-7.50	-5.00	-5.00
Total operating cash flows	€M	28.8	27.1	32.5
Capital expenditure	€M	-9.10	-12.0	-10.0
Total investment flows	€M	-9.90	-15.0	-13.0
Net interest expense	€M	-6.30	-4.20	-3.10
Dividends (parent company)	€M	0.00	-3.00	-5.00
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	3.00	0.00	0.00
Total financial flows	€M	3.80	-19.5	-13.9
Change in cash position	€M	22.7	-7.37	5.62
Free cash flow (pre div.)	€M	13.4	10.9	19.4

Per Share Data

		12/14A	12/15E	12/16E
No. of shares net of treas. stock (year...	Mio	23.0	23.0	23.0
Number of diluted shares (average)	Mio	22.9	23.0	23.0
Benchmark EPS	€	0.54	0.65	0.88
Restated NAV per share	€			
Net dividend per share	€	0.20	0.25	0.30

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 13.9	55%	■ Akzo Nobel
Dividend Yield	€ 9.36	20%	■ Solvay
DCF	€ 16.1	10%	■ Wendel
P/E	€ 13.6	10%	■ Bolloré
P/Book	€ 11.6	5%	■ GBL
TARGET PRICE	€ 13.1	100%	■ Sonae
			■ Hal Trust
			■ Eurazeo

NAV/SOTP Calculation

Balance Sheet

		12/14A	12/15E	12/16E
Goodwill	€M	70.4	75.5	75.5
Total intangible	€M	72.6	78.0	78.0
Tangible fixed assets	€M	50.3	53.0	57.0
Financial fixed assets	€M	27.1	19.0	19.0
WCR	€M	23.2	31.0	28.0
Other assets	€M	24.6	28.0	30.0
Total assets (net of short term liab.)	€M	201	214	217
Ordinary shareholders' equity	€M	194	225	240
Quasi Equity & Preferred	€M			
Minority interests	€M	3.80	5.00	5.00
Provisions for pensions	€M	15.5	9.20	9.47
Other provisions for risks and liabilities	€M	0.40	1.00	1.00
Total provisions for risks and liabilities	€M	15.9	10.2	10.5
Tax liabilities	€M	-13.5	-23.0	-23.0
Other liabilities	€M	10.7	11.0	11.0
Net debt (cash)	€M	-9.30	-14.5	-26.1
Total liab. and shareholders' equity	€M	201	214	217

Capital Employed

		12/14A	12/15E	12/16E
Capital employed after depreciation	€M	177	185	186

Profits & Risks Ratios

		12/14A	12/15E	12/16E
ROE (after tax)	%	6.14	6.45	8.69
ROCE	%	9.39	4.77	11.9
Gearing (at book value)	%	-3.04	-5.29	-8.49
Adj. Net debt/EBITDA(R)	x	-0.17	-0.28	-0.54
Interest cover (x)	x	3.85	7.08	10.7

Valuation Ratios

		12/14A	12/15E	12/16E
Reference P/E (benchmark)	x	9.90	10.5	9.54
Free cash flow yield	%	10.9	6.94	10.1
P/Book	x	0.63	0.70	0.80
Dividend yield	%	3.75	3.67	3.59

EV Calculation

		12/14A	12/15E	12/16E
Market cap	€M	123	157	193
+ Provisions	€M	15.9	10.2	10.5
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-9.30	-14.5	-26.1
+ Leases debt equivalent	€M	4.00	4.00	4.00
- Financial fixed assets (fair value)	€M	26.0	16.0	16.0
+ Minority interests (fair value)	€M	3.80	5.00	4.00
= EV	€M	111	146	169
EV/EBITDA(R)	x	3.51	3.95	4.14
EV/Sales	x	0.23	0.29	0.32

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 02/09/2015.