Chargeurs

Holding Companies / France

Confirmed robust 2015 sales

Earnings/sales releases - 27/01/2016

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 IfI 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.



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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 | |



| 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





Valuation Summary

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

NAV/SOTP Calculation

| 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 2400 Quasi Equity & Preferred €M 104 200 9.47 Other provisions for pensions €M 15.5 9.20 9.47 Other provisions for risks and liabilities €M 0.40 1.00 1.00 Total liab. and shareholders' equity €M 10.7 11.0 11.0 Total inab. and shareholders' equity €M 9.01 214 217 Capital Employed €M 177 185 186 Profits & Risks Ratios 11.0 11.0 11.0 | Balance Sheet | | 12/14A | 12/15E | 12/16E |
|--|--|----|--------|--------|--------|
| 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 2400 Quasi Equity & Prefered €M 194 225 2400 Quasi Equity & Prefered €M 194 225 2400 Other 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 10.7 11.0 11.0 Total iab. and shareholders' equity €M 9.01 214 217 Capital employed €M 177 185 186 Profits & Risks Ratios 9.04 17 11.9 ROE (after tax) % 6.14 6.45 8.69< | Goodwill | €M | 70.4 | 75.5 | 75.5 |
| Financial fixed assets CM 27.1 19.0 19.0 WCR CM 23.2 31.0 28.0 Other assets CM 24.6 28.0 30.0 Total assets (net of short term liab.) CM 201 214 217 Ordinary shareholders' equity CM 194 225 240 Quasi Equity & Preferred CM 194 225 240 Other provisions for risks and liabilities CM 0.40 1.00 1.00 Total provisions for risks and liabilities CM -13.5 -23.0 23.0 23.0 Other liabilities CM -9.30 14.5 -26.1 214 217 Capital employed after depreciation CM 177 185 186 Profits & Risks Ratios S | Total intangible | €M | 72.6 | 78.0 | 78.0 |
| WCR €M 23.2 33.0 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 194 225 240 Quasi Equity & Preferred €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 1.35 2.20 9.20 Other liabilities €M 1.35 1.02 10.0 Total provisions for risks and liabilities €M 1.03 1.00 Net debt (cash) €M 9.30 14.15 2.61 Total liabilities €M 1.77 1.85 1.86 Profits & Risks Ratios 7.08 1.77 11.9 Gaering (at book value) % 6.14 6.45 8.69 </td <td>Tangible fixed assets</td> <td>€M</td> <td>50.3</td> <td>53.0</td> <td>57.0</td> | Tangible fixed assets | €M | 50.3 | 53.0 | 57.0 |
| Other assets EM 24.6 28.0 30.0 Total assets (net of short term liab.) EM 201 214 217 Ordinary shareholders' equity EM 194 225 240 Quasi Equity & Preferred EM 3.80 5.00 5.00 Provisions for pensions EM 3.80 5.00 5.00 Provisions for risks and liabilities EM 0.40 1.00 1.00 Total provisions for risks and liabilities EM 13.5 -23.0 -23.0 Other liabilities EM 10.7 11.0 11.0 11.0 Net debt (cash) EM -9.30 -14.5 -26.1 Total liab. and shareholders' equity EM 201 214 217 Capital Employed Employed EM 177 185 186 Profits & Risks Ratios EM 177 185 186 ROCE % 9.39 4.77 11.9 Gearing (at book value) % -3.04 | Financial fixed assets | €M | 27.1 | 19.0 | 19.0 |
| Total assets (net of short term liab.) €M 201 214 217 Ordinary shareholders' equity €M 194 225 240 Quasi Equity & Preferred €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 assets (net of short term liab.) €M 15.5 9.20 9.47 Other provisions for risks and liabilities €M 0.40 1.00 1.00 Total assets (net of short term liab.) €M 13.5 -23.0 -23.0 Other liabilities €M 10.7 11.0 11.0 11.0 Net debt (cash) €M 9.30 -14.5 -26.1 Total liab. and shareholders' equity €M 177 185 186 Profits & Risks Ratios 177 185 186 ROCE % 9.39 4.77 11.9 Gearing (at book value) % -0 | WCR | €M | 23.2 | 31.0 | 28.0 |
| Ordinary shareholders' equity €M 194 225 240 Quasi Equity & Preferred €M 3.80 5.00 5.00 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 13.5 -23.0 -23.0 Other liabilities €M 10.7 11.0 11.0 11.0 Net debt (cash) €M -9.30 -14.5 -26.1 Total liab. and shareholders' equity €M 177 185 186 Profits & Risks Ratios 201 214 217 Capital employed after depreciation €M 177 185 186 Profits & Risks Ratios .0.4 6.45 8.69 ROCE % 9.39 4.77 11.9 Gearing (at book value) % .0.3 7. | Other assets | €M | 24.6 | 28.0 | 30.0 |
| 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 1.0.2 10.5 Tax 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 201 214 217 Capital employed after depreciation €M 177 185 186 Profits & Risks Ratios 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 | Total assets (net of short term liab.) | €M | 201 | 214 | 217 |
| 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 Tax liabilities €M 15.5 9.20 9.47 Other provisions for risks and liabilities €M 15.9 10.2 10.5 Tax liabilities €M -13.5 -23.0 -23.0 -23.0 Other liabilities €M 10.7 11.0 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 FM 177 185 186 Profits & Risks Ratios M 177 185 186 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 3.65 3.67 | Ordinary shareholders' equity | €M | 194 | 225 | 240 |
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| 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 177 185 186 Profits & Risks Ratios 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 9.90 10.5 9.54 Free cash flow yield % 3.75 3.67 3.59 EV Calculation 10.2 < | Minority interests | €M | 3.80 | 5.00 | 5.00 |
| 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 177 185 186 Profits & Risks Ratios 6.14 6.45 8.69 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 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 Divi | Provisions for pensions | €M | 15.5 | 9.20 | 9.47 |
| 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 177 185 186 Profits & Risks Ratios 177 185 186 Profits & Isks Ratios % 6.14 6.45 8.69 ROE (after tax) % 6.14 6.45 8.69 ROEE % 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 X 0.63 0.70 0.80 Dividend yield % 3.67 3.59 5.54 Free cash flow yield % 3.67 3.67 3.59 EV Calculation X 0.63 </td <td>Other provisions for risks and liabilities</td> <td>€M</td> <td>0.40</td> <td>1.00</td> <td>1.00</td> | Other provisions for risks and liabilities | €M | 0.40 | 1.00 | 1.00 |
| Other liabilities €M 10.7 11.0 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 Employed 201 214 217 Capital Employed €M 177 185 186 Profits & Risks Ratios M 177 185 186 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 X 9.90 10.5 9.54 Free cash flow yield % 3.75 3.67 3.59 EV Calculation X 9.90 10.5 9.54 Provisions €M 123 157 193 + Provisions €M | Total provisions for risks and liabilities | €M | 15.9 | 10.2 | 10.5 |
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| Capital Employed Capital employed after depreciation €M 177 185 186 Profits & Risks Ratios ROE (after tax) % 6.14 6.49 ROE (after tax) % -3.04 -5.29 -8.49 Gearing (at book value) % -0.17 -0.28 -0.54 Interest cover (x) x -0.17 -0.28 -0.54 Plateiton Ratios Reference P/E (benchmark) x 9.90 10.5 9.54 FV Calculation % Market cap €M 10.2 | | | | | |

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

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| 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 | 7.8 |
| 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 | -0.2 |
| Exceptional items & other | €M | | | |
| Corporate tax | €M | -4.30 | 2.45 | -6.8 |
| 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. |
| NOPAT | €M | 16.6 | 8.82 | 22. |
| Cashflow Statement | | | | |
| EBITDA | €M | 31.6 | 37.0 | 40. |
| Change in WCR | €M | 8.60 | -7.80 | 3.0 |
| Actual div. received from equity holdi | €M | 0.70 | 0.50 | 0.5 |
| Paid taxes | €M | -4.60 | 2.45 | -6.8 |
| Exceptional items | €M | 0.00 | 0.00 | 0.0 |
| Other operating cash flows | €M | -7.50 | -5.00 | -5.0 |
| Total operating cash flows | €M | 28.8 | 27.1 | 32. |
| Capital expenditure | €M | -9.10 | -12.0 | -10. |
| Total investment flows | €M | -9.90 | -15.0 | -13. |
| Net interest expense | €M | -6.30 | -4.20 | -3.1 |
| Dividends (parent company) | €M | 0.00 | -3.00 | -5.0 |
| Dividends to minorities interests | €M | 0.00 | 0.00 | 0.0 |
| New shareholders' equity | €M | 3.00 | 0.00 | 0.0 |
| Total financial flows | €M | 3.80 | -19.5 | -13. |
| Change in cash position | €M | 22.7 | -7.37 | 5.6 |
| Free cash flow (pre div.) | €M | 13.4 | 10.9 | 19. |
| Per Share Data | | | | |
| No. of shares net of treas. stock (year | Mio | 23.0 | 23.0 | 23. |
| Number of diluted shares (average) | Mio | 22.9 | 23.0 | 23. |
| Benchmark EPS | € | 0.54 | 0.65 | 0.8 |
| Restated NAV per share | € | | | |
| Net dividend per share | € | 0.20 | 0.25 | 0.3 |

argest comparables