



Chargeurs^{CR}

Holding Companies / France

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Chargeurs Redux

Update - 15/05/2015

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Change in Target Price

€ 13.1 vs 11.9 **+10.4%**

The very healthy set of 2014 earnings is now fully accounted for which provides the basis for yet another increase in the SOTP.

Change in EPS

2015 : € 0.66 vs 0.76 **-12.8%**
2016 : € 0.78 vs 0.83 **-5.66%**

EPS adjustments reflect essentially continuing financing costs as the group retains excess financing above its consolidated net cash position. Strong earnings on Protective-Films are partly offset by a more cautious view on the Wool subsidiaries.

Change in NAV

€ 13.7 vs 12.6 **+8.79%**

The improved SOTP is derived from higher year-end valuations of the three main units (partly derived from provision reversals) and an improved net cash position.

Change in DCF

€ 15.0 vs 9.61 **+56.4%**

The DCF fully captures a drop in spreads of 50bp to 150bp, an improved net cash situation and a higher starting point with 2014 EBITDA above expectations.

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 : 86.9%

Target Price (6 months)	€ 13.1
Share Price	€ 7.02
Market Capitalisation €M	162
Price Momentum	STRONG
Extremes 12Months	4.18 ▶ 7.59
Newsflow	Neutral
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

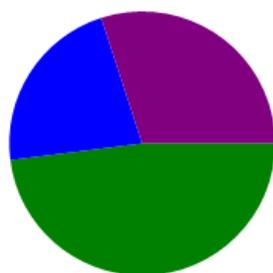
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PERF	1w	1m	3m	12m
Chargeurs	2.63%	-1.13%	27.6%	28.3%
Other financials	1.25%	-3.86%	6.57%	20.0%

Last updated: 15/05/2015	12/13A	12/14A	12/15E	12/16E
Adjusted P/E (x)	10.1	9.90	10.6	8.99
Dividend yield (%)	0.00	3.75	3.56	4.27
EV/EBITDA(R) (x)	2.69	3.51	4.16	3.64
Adjusted EPS (€)	0.37	0.54	0.66	0.78
Growth in EPS (%)		45.8	22.8	18.0
Dividend (€)	0.00	0.20	0.25	0.30
Sales (€M)	467	478	498	516
Operating margin (%)	3.82	4.47	4.87	5.37
Attributable net profit (€M)	3.20	11.2	14.7	18.0
ROE (after tax) (%)	4.44	6.14	7.21	8.19
Gearing (%)	8.82	-3.04	-4.34	-5.09

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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	498	516
Change in sales	%	2.53	4.02	3.67
Change in staff costs	%	2.32	2.81	3.50
EBITDA	€M	31.6	34.7	38.7
EBITDA(R) margin	%	6.61	6.98	7.50
Depreciation	€M	-8.90	-9.50	-10.0
Underlying operating profit	€M	22.7	25.2	28.7
Operating profit (EBIT)	€M	21.4	23.9	27.7
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	-5.51	-7.12
Equity associates	€M	0.40	0.50	0.50
Minority interests	€M	0.00	0.00	0.00
Adjusted attributable net profit	€M	11.7	15.2	18.0
NOPAT	€M	16.6	18.5	20.7

Cashflow Statement

		12/14A	12/15E	12/16E
EBITDA	€M	31.6	34.7	38.7
Change in WCR	€M	8.60	-2.80	-2.00
Actual div. received from equity holdi...	€M	0.70	0.50	0.50
Paid taxes	€M	-4.60	-5.51	-7.12
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	21.9	25.1
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	-12.6	-1.80
Free cash flow (pre div.)	€M	13.4	5.72	12.0

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	0.66	0.78
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	€ 13.7	55%	■ Akzo Nobel
Dividend Yield	€ 9.91	20%	■ Solvay
DCF	€ 15.0	10%	■ Wendel
P/E	€ 14.0	10%	■ Bolloré
P/Book	€ 13.8	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	72.6	72.6
Total intangible	€M	72.6	75.1	75.1
Tangible fixed assets	€M	50.3	55.0	57.0
Financial fixed assets	€M	27.1	28.0	28.0
WCR	€M	23.2	26.0	28.0
Other assets	€M	24.6	28.0	30.0
Total assets (net of short term liab.)	€M	201	217	223
Ordinary shareholders' equity	€M	194	215	225
Quasi Equity & Preferred	€M			
Minority interests	€M	3.80	4.00	4.00
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	-13.5	-13.5
Other liabilities	€M	10.7	11.0	11.0
Net debt (cash)	€M	-9.30	-9.35	-13.5
Total liab. and shareholders' equity	€M	201	217	223

Capital Employed

		12/14A	12/15E	12/16E
Capital employed after depreciation	€M	177	188	192

Profits & Risks Ratios

		12/14A	12/15E	12/16E
ROE (after tax)	%	6.14	7.21	8.19
ROCE	%	9.39	9.81	10.8
Gearing (at book value)	%	-3.04	-4.34	-5.09
Adj. Net debt/EBITDA(R)	x	-0.17	-0.15	-0.25
Interest cover (x)	x	3.85	6.50	9.94

Valuation Ratios

		12/14A	12/15E	12/16E
Reference P/E (benchmark)	x	9.90	10.6	8.99
Free cash flow yield	%	10.9	3.54	7.41
P/Book	x	0.63	0.75	0.72
Dividend yield	%	3.75	3.56	4.27

EV Calculation

		12/14A	12/15E	12/16E
Market cap	€M	123	162	162
+ 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	-9.35	-13.5
+ Leases debt equivalent	€M	4.00	4.00	4.00
- Financial fixed assets (fair value)	€M	26.0	26.0	26.0
+ Minority interests (fair value)	€M	3.80	4.00	4.00
= EV	€M	111	145	141
EV/EBITDA(R)	x	3.51	4.16	3.64
EV/Sales	x	0.23	0.29	0.27

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 15/05/2015.