

Strong H1 and more offensive stance

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Change in Target Price

€ 13.2 vs 12.8 **+3.33%**

A strong H1, pulled up by Protective Film operations and their large US exposure, does underline the solid organic fundamentals that back a 9% EBIT upgrade. Chargeurs isolated a new growth-driven fourth business, Technical Substrates, from the Interlining business. This is behind the renewed confidence from management to change the so far staid image of Chargeurs.

Change in EPS

2015 : € 0.65 vs 0.66 **-1.39%**
2016 : € 0.88 vs 0.78 **+12.3%**

Underlying EPS are upgraded by about 9% for both 2015 and 2016. In 2015, this is partly hidden through tax changes and goodwill impairment adjustments. The bottom-line impact is rather more visible in 2016.

Change in NAV

€ 13.9 vs 13.7 **+1.58%**

The SOTP is allowing for a tentative valuation of the new Technical Substrates business, which contracts the value of the Interlining business from which it was spun off. The net impact is a small gain.

Change in DCF

€ 16.3 vs 14.7 **+11.0%**

The DCF is mechanically positively impacted by the stronger operational outlook short term (2015, 2016 and 2017). Other parameters are unchanged.

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 : 75.4%

Target Price (6 months)	€ 13.2
Share Price	€ 7.55
Market Capitalisation €M	174
Price Momentum	STRONG
Extremes 12Months	4.07 ▶ 7.79
Newsflow	Neutral
Bloomberg	CRI FP Equity
Reuters	CRIP.PA



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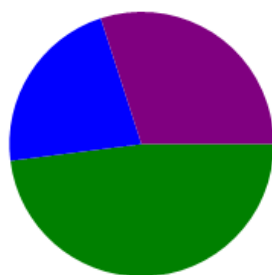


PERF	1w	1m	3m	12m
Chargeurs	9.42%	-1.95%	9.90%	36.2%
Other financials	-1.19%	-8.26%	-8.31%	10.4%

Last updated: 02/09/2015	12/13A	12/14A	12/15E	12/16E
Adjusted P/E (x)	10.1	9.90	11.6	8.61
Dividend yield (%)	0.00	3.75	3.31	3.97
EV/EBITDA(R) (x)	2.69	3.51	4.40	3.68
Adjusted EPS (€)	0.37	0.54	0.65	0.88
Growth in EPS (%)		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

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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	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	€ 9.41	20%	■ Solvay
DCF	€ 16.3	10%	■ Wendel
P/E	€ 14.2	10%	■ Bolloré
P/Book	€ 12.9	5%	■ GBL
TARGET PRICE	€ 13.2	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	11.6	8.61
Free cash flow yield	%	10.9	6.27	11.2
P/Book	x	0.63	0.77	0.73
Dividend yield	%	3.75	3.31	3.97

EV Calculation

		12/14A	12/15E	12/16E
Market cap	€M	123	174	174
+ 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	163	150
EV/EBITDA(R)	x	3.51	4.40	3.68
EV/Sales	x	0.23	0.33	0.29

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