Chargeurs

Holding Companies / France

Strong H1 and more offensive stance

Update - 02/09/2015

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.



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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 : 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



	(/			
PERF	1 w	1	m	3m	12m
Chargeurs	9.42%	-1.9	95%	9.90%	36.2%
Other financials	-1.19%	-8.2	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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Company Valuation - Company Financials

Sales by Geography





Valuation Summary

Benchmarks	Value	Weight	Largest compara
NAV/SOTP per share	€ 13.9	55%	Akzo Nobel
Dividend Yield	€ 9.41	20%	Solvay
DCF	€ 16.3	10%	Wendel Bolloré
P/E	€ 14.2	10%	GBL
P/Book	€ 12.9	5%	 Sonae
TARGET PRICE	€ 13.2	100%	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				
Capital employed after depreciation	€M	177	185	186
Profits & Risks Ratios				
ROE (after tax)	%	6.14	6.45	8.69
ROCE				
	%	9.39	4.77	11.9
Gearing (at book value)	% %	9.39 -3.04	4.77 -5.29	11.9 -8.49
Gearing (at book value)	%	-3.04	-5.29	-8.49
Gearing (at book value) Adj. Net debt/EBITDA(R)	% X	-3.04 -0.17	-5.29 -0.28	-8.49 -0.54
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x)	% X	-3.04 -0.17	-5.29 -0.28	-8.49 -0.54
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios	% X X	-3.04 -0.17 3.85	-5.29 -0.28 7.08	-8.49 -0.54 10.7
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark)	% X X X	-3.04 -0.17 3.85 9.90	-5.29 -0.28 7.08 11.6	-8.49 -0.54 10.7 8.61 11.2
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield	% X X X X	-3.04 -0.17 3.85 9.90 10.9	-5.29 -0.28 7.08 11.6 6.27	-8.49 -0.54 10.7 8.61 11.2
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book	% X X X % X	-3.04 -0.17 3.85 9.90 10.9 0.63	-5.29 -0.28 7.08 11.6 6.27 0.77	-8.49 -0.54 10.7 8.61 11.2 0.73
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield	% X X X % X	-3.04 -0.17 3.85 9.90 10.9 0.63	-5.29 -0.28 7.08 11.6 6.27 0.77	-8.49 -0.54 10.7 8.61 11.2 0.73 3.97
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation	% x x % x % x %	-3.04 -0.17 3.85 9.90 10.9 0.63 3.75	-5.29 -0.28 7.08 11.6 6.27 0.77 3.31	-8.49 -0.54 10.7 8.61 11.2 0.73 3.97
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap	% x x x % x % x %	-3.04 -0.17 3.85 9.90 10.9 0.63 3.75 123	-5.29 -0.28 7.08 11.6 6.27 0.77 3.31	-8.49 -0.54 10.7 8.61 11.2 0.73 3.97 174
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions	% x x x % x % €M	-3.04 -0.17 3.85 9.90 10.9 0.63 3.75 123 15.9	-5.29 -0.28 7.08 11.6 6.27 0.77 3.31 174 10.2	-8.49 -0.54 10.7 8.61 11.2 0.73 3.97 174 10.5
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains)	% x x x % x % €M €M	-3.04 -0.17 3.85 9.90 10.9 0.63 3.75 123 15.9 0.00	-5.29 -0.28 7.08 11.6 6.27 0.77 3.31 174 10.2 0.00	-8.49 -0.54 10.7 8.61 11.2 0.73 3.97 174 10.5 0.00 -26.1
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains) + Net debt at year end	% x x % x % x % €M €M €M €M	-3.04 -0.17 3.85 9.90 10.9 0.63 3.75 123 15.9 0.00 -9.30	-5.29 -0.28 7.08 11.6 6.27 0.77 3.31 174 10.2 0.00 -14.5	-8.49 -0.54 10.7 8.61 11.2 0.73 3.97 174 10.5 0.00 -26.1 4.00
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains) + Net debt at year end + Leases debt equivalent	% x x % x % x % €M €M €M €M	-3.04 -0.17 3.85 9.90 10.9 0.63 3.75 123 15.9 0.00 -9.30 4.00	-5.29 -0.28 7.08 11.6 6.27 0.77 3.31 174 10.2 0.00 -14.5 4.00	-8.49 -0.54 10.7 8.61 11.2 0.73 3.97 174 10.5 0.00 -26.1 4.00 16.0
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains) + Net debt at year end + Leases debt equivalent - Financial fixed assets (fair value)	% x x % x % x % €M €M €M €M €M €M	-3.04 -0.17 3.85 9.90 10.9 0.63 3.75 123 123 15.9 0.00 -9.30 4.00 26.0	-5.29 -0.28 7.08 11.6 6.27 0.77 3.31 174 10.2 0.00 -14.5 4.00 16.0	-8.49 -0.54 10.7 8.61 11.2 0.73 3.97 174 10.5 0.00 -26.1 4.00 16.0
Gearing (at book value) Adj. Net debt/EBITDA(R) Interest cover (x) Valuation Ratios Reference P/E (benchmark) Free cash flow yield P/Book Dividend yield EV Calculation Market cap + Provisions + Unrecognised acturial losses/(gains) + Net debt at year end + Leases debt equivalent - Financial fixed assets (fair value) + Minority interests (fair value)	% x x % x x % x x x x x x x x x x x x x	-3.04 -0.17 3.85 9.90 10.9 0.63 3.75 123 15.9 0.00 -9.30 4.00 26.0 3.80	-5.29 -0.28 7.08 11.6 6.27 0.77 3.31 174 10.2 0.00 -14.5 4.00 16.0 5.00	-8.49 -0.54 10.7 8.61 11.2 0.73 3.97 174 10.5 0.00 -26.1 4.00 16.0 4.00

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

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view held in this report.

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				
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				
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