Chargeurs

Support Services / France

Adjustments to our FY 23-24 outlook

From an industrialist to a luxury player? - 15/11/2023

Change in EPS

2023 : € 0.18 vs 0.39 -53.5%2024 : € 0.60 vs 0.74 -19.2%

We have downgraded our EPS estimates for 2023 and 2024. The main factor impacting our revenue estimates is Chargeurs Luxury Fibers, whose sales are expected to decrease significantly vs. 2022 due to a negative price effect (strong drop in the conventional wool price (i.e.: micron 17 down by -30% on Q3 and -21% for 9M 23), and a change in product mix (less conventional and growing certified Nativa wool).

In terms of margins, the main drivers of our downward revision are (i) we had been overly optimistic about Fashion Technologies' margins considering the figures published in H1 23, (ii) we have removed the Healthcare solutions division, which is no longer contributing to Chargeurs' sales and underlying profit, (iii) we have aligned our numbers with the guidance provided by Chargeurs for Museum Studio as we had been a bit too bullish and (iv) as we did not have any information on Swaine, and given the scale-up work that will require opex, we had assumed that Swaine would be consolidated in 2024 and will not contribute to margins.

In 2024, our estimates have been negatively impacted mainly by the downward revision of our estimates for Museum Studio.

Despite these revisions, we remain positive overall especially on CAM, on which we are confident of a rebound, leading to similar margins in absolute terms, despite the fall in our revenue estimates.

Change in NAV

€ 28.1 vs 32.2 -12.9%

Given that we have based our NAV valuation on EV/EBITDA multiples with an average estimated EBITDA for 2023, 2024 and 2025, the downward revision to our EBITDA forecasts has penalised our NAV estimate. Specifically, consistent with the downward revision of our EBITDA estimates for Chargeurs Fashion Technology, the division's valuation has fallen from €300m to €270m. In addition, we have removed Healthcare solutions, which has also penalised our NAV.

Change in DCF

€ 11.8 vs 17.0 -30.6%

The sharp fall in our DCF comes from the downward revisions to our FY 23-24 EPS forecasts (see EPS commentary). In 2023, we now expect revenues of €669m (vs. €702m) and an underlying operating profit of €27m (vs. €35m), representing a margin of 4% (vs. 5%). In 2024, we expect revenues of around €753m, compared with €788m previously, and an underlying operating profit of €43m (or a margin of 5.7%), compared with €49m (or a margin of 6.2%).





Saïma HUSSAIN

supportservices@alphavalue.eu +33 (0) 1 70 61 10 50 corporate.alphavalue.com

This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Buy	Upside: 55.2%
Target Price (6 months)	€ 13.9
Share Price	€ 8.94
Market Cap. €M	224
Price Momentum	UNFAVORABLE
Extremes 12Months	6.40 ▶ 15.2
Bloomberg	CRI FP Equity
Reuters	CRIP.PA
Download Full Analysis	Company Page

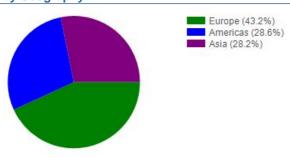
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PERF	1w	1m	3m	12m
Chargeurs	14.9%	27.2%	-16.0%	-30.8%
Support Services	2.08%	-4.46%	-9.30%	-8.86%
SXXR Index	2.26%	0.86%	-1.29%	7.38%

Last updated: 15/11/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	18.3	49.8	14.9	9.13
Dividend yield (%)	4.51	2.01	6.71	11.0
EV/EBITDA(R) (x)	8.72	9.14	6.95	5.48
Adjusted EPS (€)	0.92	0.18	0.60	0.98
Growth in EPS (%)	-29.2	-80.5	234	63.3
Dividend (€)	0.76	0.18	0.60	0.98
Sales (€M)	746	669	753	843
Underlying operat. profit ma	6.08	3.99	5.75	7.06
Attributable net profit (€M)	22.1	4.31	14.4	23.2
ROE (after tax) (%)	8.08	1.59	5.29	7.77
Gearing (%)	53.5	74.1	74.5	68.1

Company Valuation - Company Financials

Sales by Geography



Change in sales % 1.33 -10.3 12.6 Change in staff costs % 6.99 5.45 5.40 EBITDA €M 67.9 48.3 64.9 EBITDA(R) margin % 9.10 7.22 8.61 Depreciation €M -22.5 -21.0 -23.6 Underlying operating profit €M 38.9 21.5 34.7 Operating profit (EBIT) €M 38.5 16.5 29.7 Net financial expense €M -19.1 -20.5 -16.2 of which related to pensions €M -19.1 -20.5 -16.2 Exceptional items & other €M 2.50 7.62 0.21 Exceptional items & other €M 2.50 7.62 0.21 Equity associates €M 0.00 0.70 0.70 Minority interests €M 0.20 0.00 0.00 Adjusted attributable net profit €M 22.1 4.31 14.4 NOPAT €M 29.2 17.0 27.4 Cashifow	Consolidated P&L Accounts		12/22A	12/23E	12/24E
Change in staff costs % 6.99 5.45 5.40 EBITDA €M 67.9 48.3 64.9 EBITDA(R) margin % 9.10 7.22 8.61 Depreciation €M -22.5 -21.0 -23.6 Underlying operating profit €M 38.9 21.5 34.7 Operating profit (EBIT) €M 38.5 16.5 29.7 Net financial expense €M -19.1 -20.5 -16.2 of which related to pensions €M -19.1 -20.5 -16.2 of which related to pensions €M -19.1 -20.5 -16.2 of which related to pensions €M -19.0 -0.23 -0.96 Exceptional items & other €M -2.50 7.62 0.21 Exceptional items & €M 2.50 7.62 0.21 Equity associates €M 0.00 0.00 0.00 Adjusted attributable net profit €M 22.1 4.31 14.4	Sales	€M	746	669	753
EBITDA	Change in sales	%	1.33	-10.3	12.6
EBITDA(R) margin	Change in staff costs	%	6.99	5.45	5.40
Depreciation €M -22.5 -21.0 -23.6 Underlying operating profit €M 38.9 21.5 34.7 Operating profit (EBIT) €M 38.5 16.5 29.7 Net financial expense €M -19.1 -20.5 -16.2 of which related to pensions €M -0.23 -0.96 Exceptional items & other €M 2.50 7.62 0.21 Equity associates €M 0.00 0.70 0.70 Minority interests €M 0.20 0.00 0.00 Adjusted attributable net profit €M 0.21 4.31 14.4 NOPAT €M 29.2 17.0 27.4 Cashflow Statement EM 29.2 17.0 27.4 Cashflow Statement EM 67.9 48.3 64.9 Change in WCR €M 67.9 48.3 64.9 Change in WCR €M 67.9 48.3 64.9 Change in WCR €M	EBITDA	€M	67.9	48.3	64.9
Underlying operating profit	EBITDA(R) margin	%	9.10	7.22	8.61
Operating profit (EBIT) €M 38.5 16.5 29.7 Net financial expense €M -19.1 -20.5 -16.2 of which related to pensions €M -0.23 -0.96 Exceptional items & other €M 2.50 7.62 0.21 Equity associates €M 0.00 0.70 0.70 Minority interests €M 0.20 0.00 0.00 Adjusted attributable net profit €M 22.1 4.31 14.4 NOPAT €M 29.2 17.0 27.4 Cashflow Statement EBITDA €M 67.9 48.3 64.9 Change in WCR €M -40.5 -9.47 -14.0 24.0 24.0 24.0 Change in WCR €M -40.5 -9.47 -14.0 24.0 24.0 22.1 Exceptional items €M -40.0 7.62 0.21 22.2 2.2 Exceptional items €M -15.9 -8.00 -8.00 2.8	Depreciation	€M	-22.5	-21.0	-23.6
Net financial expense €M -19.1 -20.5 -16.2 of which related to pensions €M -0.23 -0.96 Exceptional items & other €M 2.50 7.62 0.21 Equity associates €M 0.00 0.70 0.70 Minority interests €M 0.20 0.00 0.00 Adjusted attributable net profit €M 22.1 4.31 14.4 NOPAT €M 29.2 17.0 27.4 Cashflow Statement EBITDA €M 67.9 48.3 64.9 Change in WCR €M -40.5 -9.47 -14.0 24.0 29.2 17.0 27.4 Change in WCR €M -40.5 -9.47 -14.0 48.3 64.9 64.9 67.9 48.3 64.9 64.9 67.9 48.3 64.9 64.9 67.9 48.3 64.9 64.9 67.9 48.3 64.9 64.9 67.9 48.3 64.9 64.9 67.4	Underlying operating profit	€M	38.9	21.5	34.7
of which related to pensions €M -0.23 -0.96 Exceptional items & other €M 2.50 7.62 0.21 Equity associates €M 0.00 0.70 0.70 Minority interests €M 0.20 0.00 0.00 Adjusted attributable net profit €M 22.1 4.31 14.4 NOPAT €M 29.2 17.0 27.4 Cashflow Statement EBITDA €M 67.9 48.3 64.9 Change in WCR €M -40.5 -9.47 -14.0 0.00 0.00 0.00 Paid taxes €M -40.5 -9.47 -14.0 0.00	Operating profit (EBIT)	€M	38.5	16.5	29.7
Exceptional items & other Corporate tax Equity associates EM Corporate tax EM Corporate tax EM Cond Equity associates EM Cond EBITDA EM Cond Cond EM Cond Cond EM Cond EM Cond EM Cond Cond EM Cond EM Cond Cond EM Cond Cond EM Cond Con	Net financial expense	€M	-19.1	-20.5	-16.2
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Equity associates €M 0.00 0.70 0.70 Minority interests €M 0.20 0.00 0.00 Adjusted attributable net profit €M 22.1 4.31 14.4 NOPAT €M 29.2 17.0 27.4 Cashflow Statement EBITDA €M 67.9 48.3 64.9 Change in WCR €M -40.5 -9.47 -14.0 0.00 0.00 0.00 Paid taxes €M -40.0 7.62 0.21 0.21 0.21 0.21 0.21 0.00<	Exceptional items & other	€M			
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Adjusted attributable net profit €M 22.1 4.31 14.4 NOPAT €M 29.2 17.0 27.4 Cashflow Statement €M 67.9 48.3 64.9 EBITDA €M -40.5 -9.47 -14.0 Actual div. received from equity holdi €M 0.00 0.00 0.00 Paid taxes €M -4.00 7.62 0.21 Exceptional items €M -15.9 -8.00 -8.00 Other operating cash flows €M -15.9 -8.00 -8.00 Total operating cash flows €M 7.50 38.4 43.1 Capital expenditure €M -10.8 -17.8 -20.0 Total investment flows €M -23.1 -27.8 -30.0 Net interest expense €M -19.1 -20.5 -16.2 Dividends (parent company) €M -17.9 -13.2 -13.2 Dividends to minorities interests €M 0.00 0.00 0.00 <td>Equity associates</td> <td>€M</td> <td>0.00</td> <td>0.70</td> <td>0.70</td>	Equity associates	€M	0.00	0.70	0.70
NOPAT €M 29.2 17.0 27.4 Cashflow Statement €M 67.9 48.3 64.9 Change in WCR €M -40.5 -9.47 -14.0 Actual div. received from equity holdi €M 0.00 0.00 0.00 Paid taxes €M -4.00 7.62 0.21 Exceptional items €M -15.9 -8.00 -8.00 Other operating cash flows €M -15.9 -8.00 -8.00 Total operating cash flows €M 7.50 38.4 43.1 Capital expenditure €M -10.8 -17.8 -20.0 Total investment flows €M -23.1 -27.8 -30.0 Net interest expense €M -19.1 -20.5 -16.2 Dividends (parent company) €M -17.9 -13.2 -13.2 Dividends to minorities interests €M 0.00 0.00 0.00 New shareholders' equity €M -3.90 0.00 0.00 New shareholders' equity €M -81.7 -8.09 -19.5 <td>Minority interests</td> <td>€M</td> <td>0.20</td> <td>0.00</td> <td>0.00</td>	Minority interests	€M	0.20	0.00	0.00
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EBITDA	NOPAT	€M	29.2	17.0	27.4
Change in WCR €M -40.5 -9.47 -14.0 Actual div. received from equity holdi €M 0.00 0.00 0.00 Paid taxes €M -4.00 7.62 0.21 Exceptional items €M -15.9 -8.00 -8.00 Other operating cash flows €M -15.9 -8.00 -8.00 Total operating cash flows €M -15.9 -8.00 -8.00 Total operating cash flows €M -15.9 -8.00 -8.00 Capital expenditure €M -10.8 -17.8 -20.0 Total investment flows €M -23.1 -27.8 -30.0 Net interest expense €M -19.1 -20.5 -16.2 Dividends (parent company) €M -17.9 -13.2 -1.32 Dividends (parent company) €M -17.9 -13.2 -1.32 Dividends to minorities interests €M 0.00 0.00 0.00 New shareholders' equity €M -81.7 -8	Cashflow Statement				
Actual div. received from equity holdi M	EBITDA	€M	67.9	48.3	64.9
Paid taxes €M -4.00 7.62 0.21 Exceptional items €M -15.9 -8.00 -8.00 Other operating cash flows €M -15.9 -8.00 -8.00 Total operating cash flows €M 7.50 38.4 43.1 Capital expenditure €M -10.8 -17.8 -20.0 Total investment flows €M -23.1 -27.8 -30.0 Net interest expense €M -19.1 -20.5 -16.2 Dividends (parent company) €M -17.9 -13.2 -13.2 Dividends (parent company) €M -17.9 -13.2 -13.2 Dividends to minorities interests €M 0.00 0.00 0.00 New shareholders' equity €M -3.90 0.00 0.00 Total financial flows €M -81.7 -8.09 -19.5 Change in cash position €M -97.3 2.55 -6.47 Free cash flow (pre div.) €M -22.4 0.15	Change in WCR	€M	-40.5	-9.47	-14.0
Exceptional items €M Other operating cash flows €M -15.9 -8.00 -8.00 Total operating cash flows €M 7.50 38.4 43.1 Capital expenditure €M -10.8 -17.8 -20.0 Total investment flows €M -23.1 -27.8 -30.0 Net interest expense €M -19.1 -20.5 -16.2 Dividends (parent company) €M -17.9 -13.2 -1.32 Dividends to minorities interests €M 0.00 0.00 0.00 New shareholders' equity €M -3.90 0.00 0.00 Total financial flows €M -81.7 -8.09 -19.5 Change in cash position €M -97.3 2.55 -6.47 Free cash flow (pre div.) €M -22.4 0.15 6.89 Per Share Data No. of shares net of treas. stock (year Mio 24.0 24.2 Number of diluted shares (average) Mio 24.0 24.0 <td>Actual div. received from equity holdi</td> <td>€M</td> <td>0.00</td> <td>0.00</td> <td>0.00</td>	Actual div. received from equity holdi	€M	0.00	0.00	0.00
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Total operating cash flows €M 7.50 38.4 43.1 Capital expenditure €M -10.8 -17.8 -20.0 Total investment flows €M -23.1 -27.8 -30.0 Net interest expense €M -19.1 -20.5 -16.2 Dividends (parent company) €M -17.9 -13.2 -1.32 Dividends to minorities interests €M 0.00 0.00 0.00 New shareholders' equity €M -3.90 0.00 0.00 Total financial flows €M -81.7 -8.09 -19.5 Change in cash position €M -97.3 2.55 -6.47 Free cash flow (pre div.) €M -22.4 0.15 6.89 Per Share Data No. of shares net of treas. stock (year Mio 24.0 24.2 Number of diluted shares (average) Mio 24.0 24.2 Restated NAV per share € 0.92 0.18 0.60	Exceptional items	€M			
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Total investment flows €M -23.1 -27.8 -30.0 Net interest expense €M -19.1 -20.5 -16.2 Dividends (parent company) €M -17.9 -13.2 -1.32 Dividends to minorities interests €M 0.00 0.00 0.00 New shareholders' equity €M -3.90 0.00 0.00 Total financial flows €M -81.7 -8.09 -19.5 Change in cash position €M -97.3 2.55 -6.47 Free cash flow (pre div.) €M -22.4 0.15 6.89 Per Share Data No. of shares net of treas. stock (year Mio 24.0 24.2 Number of diluted shares (average) Mio 24.0 24.1 Benchmark EPS € 0.92 0.18 0.60 Restated NAV per share € 0.92 0.18 0.60	Total operating cash flows	€M	7.50	38.4	43.1
Net interest expense €M -19.1 -20.5 -16.2 Dividends (parent company) €M -17.9 -13.2 -1.32 Dividends to minorities interests €M 0.00 0.00 0.00 New shareholders' equity €M -3.90 0.00 0.00 Total financial flows €M -81.7 -8.09 -19.5 Change in cash position €M -97.3 2.55 -6.47 Free cash flow (pre div.) €M -22.4 0.15 6.89 Per Share Data No. of shares net of treas. stock (year Mio 24.0 24.2 Number of diluted shares (average) Mio 24.0 24.1 Benchmark EPS € 0.92 0.18 0.60 Restated NAV per share € 0.92 0.18 0.60	Capital expenditure	€M	-10.8	-17.8	-20.0
Dividends (parent company) €M -17.9 -13.2 -1.32 Dividends to minorities interests €M 0.00 0.00 0.00 New shareholders' equity €M -3.90 0.00 0.00 Total financial flows €M -81.7 -8.09 -19.5 Change in cash position €M -97.3 2.55 -6.47 Free cash flow (pre div.) €M -22.4 0.15 6.89 Per Share Data No. of shares net of treas. stock (year Mio 24.0 24.0 24.2 Number of diluted shares (average) Mio 24.0 24.1 24.1 Benchmark EPS € 0.92 0.18 0.60 Restated NAV per share € 0.92 0.18 0.60	Total investment flows	€M	-23.1	-27.8	-30.0
Dividends to minorities interests €M 0.00 0.00 0.00 New shareholders' equity €M -3.90 0.00 0.00 Total financial flows €M -81.7 -8.09 -19.5 Change in cash position €M -97.3 2.55 -6.47 Free cash flow (pre div.) €M -22.4 0.15 6.89 Per Share Data No. of shares net of treas. stock (year Mio 24.0 24.2 Number of diluted shares (average) Mio 24.0 24.1 Benchmark EPS € 0.92 0.18 0.60 Restated NAV per share €	Net interest expense	€M	-19.1	-20.5	-16.2
New shareholders' equity €M -3.90 0.00 0.00 Total financial flows €M -81.7 -8.09 -19.5 Change in cash position €M -97.3 2.55 -6.47 Free cash flow (pre div.) €M -22.4 0.15 6.89 Per Share Data No. of shares net of treas. stock (year Mio 24.0 24.2 Number of diluted shares (average) Mio 24.0 24.1 Benchmark EPS € 0.92 0.18 0.60 Restated NAV per share €	Dividends (parent company)	€M	-17.9	-13.2	-1.32
Total financial flows €M -81.7 -8.09 -19.5 Change in cash position €M -97.3 2.55 -6.47 Free cash flow (pre div.) €M -22.4 0.15 6.89 Per Share Data No. of shares net of treas. stock (year Mio 24.0 24.2 Number of diluted shares (average) Mio 24.0 24.1 Benchmark EPS € 0.92 0.18 0.60 Restated NAV per share €	Dividends to minorities interests	€M	0.00	0.00	0.00
Change in cash position €M -97.3 2.55 -6.47 Free cash flow (pre div.) €M -22.4 0.15 6.89 Per Share Data No. of shares net of treas. stock (year Mio 24.0 24.0 24.2 Number of diluted shares (average) Mio 24.0 24.0 24.1 Benchmark EPS € 0.92 0.18 0.60 Restated NAV per share € 0.92 0.18 0.60	New shareholders' equity	€M	-3.90	0.00	0.00
Free cash flow (pre div.) €M -22.4 0.15 6.89 Per Share Data No. of shares net of treas. stock (year Mio 24.0 24.0 24.2 Number of diluted shares (average) Mio 24.0 24.1 24.1 Benchmark EPS € 0.92 0.18 0.60 Restated NAV per share €	Total financial flows	€M	-81.7	-8.09	-19.5
Per Share Data No. of shares net of treas. stock (year Mio 24.0 24.0 24.2 Number of diluted shares (average) Mio 24.0 24.0 24.1 Benchmark EPS € 0.92 0.18 0.60 Restated NAV per share €	Change in cash position	€M	-97.3	2.55	-6.47
No. of shares net of treas. stock (year Mio 24.0 24.0 24.2 Number of diluted shares (average) Mio 24.0 24.0 24.1 Benchmark EPS € 0.92 0.18 0.60 Restated NAV per share €	Free cash flow (pre div.)	€М	-22.4	0.15	6.89
Number of diluted shares (average) Mio 24.0 24.0 24.1 Benchmark EPS € 0.92 0.18 0.60 Restated NAV per share €	Per Share Data				
Benchmark EPS € 0.92 0.18 0.60 Restated NAV per share €	No. of shares net of treas. stock (year	Mio	24.0	24.0	24.2
Restated NAV per share €	Number of diluted shares (average)	Mio	24.0	24.0	24.1
	Benchmark EPS	€	0.92	0.18	0.60
Net dividend per share € 0.76 0.18 0.60	Restated NAV per share	€			
	Net dividend per share	€	0.76	0.18	0.60

Valuation Summary

Benchmarks	Value	Weight
DCF	€ 11.8	35%
NAV/SOTP per share	€ 28.1	20%
EV/Ebitda	€ 6.15	20%
P/E	€ 5.72	10%
Dividend Yield	€ 14.4	10%
P/Book	€ 17.9	5%
TARGET PRICE	€ 13.9	100%

NAV/SOTP Calculation

Largest comparables

- AkzoNobel
- Rentokil Initial
- Quadient
- Teleperformance
- Bureau Veritas

Balance Sheet		12/22A	12/23E	12/24E
Goodwill	€M	217	224	230
Total intangible	€M	276	283	289
Tangible fixed assets	€M	84.4	91.4	98.4
Financial fixed assets	€M	8.10	8.10	8.10
WCR	€M	15.4	24.9	38.9
Other assets	€M	49.0	49.0	49.0
Total assets (net of short term liab.)	€M	475	499	527
Ordinary shareholders' equity	€M	280	263	283
Quasi Equity & Preferred	€M			
Minority interests	€M	0.20	0.20	0.20
Provisions for pensions	€M	12.6	27.3	28.7
Other provisions for risks and liabilities	€M	13.1	13.1	13.1
Total provisions for risks and liabilities	€M	25.7	40.4	41.8
Tax liabilities	€M	-42.8	-42.8	-42.8
Other liabilities	€M	30.4	30.4	30.4
Net debt (cash)	€M	182	208	214
Total liab. and shareholders' equity	€M	475	499	527
Capital Employed				
Capital employed after depreciation	€M	413	436	465
Profits & Risks Ratios				
ROE (after tax)	%	8.08	1.59	5.29
ROCE	%	7.06	3.89	5.91
Gearing (at book value)	%	53.5	74.1	74.5
Adj. Net debt/EBITDA(R)	X	3.11	4.91	3.76
Interest cover (x)	X	2.04	1.06	2.28
Valuation Ratios				
Reference P/E (benchmark)	x	18.3	49.8	14.9
Free cash flow yield	%	-5.53	0.07	3.19
P/Book	X	1.45	0.82	0.76
Dividend yield	%	4.51	2.01	6.71
EV Calculation				
Market cap	€M	405	215	216
+ Provisions	€M	25.7	40.4	41.8
+ Unrecognised acturial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	152	178	183
+ Leases debt equivalent	€M	29.5	29.5	30.1
- Financial fixed assets (fair value)	€M	20.7	20.7	20.7
+ Minority interests (fair value)	€M	0.00	0.00	0.00
= EV	€M	592	442	451
EV/EBITDA(R)	x	8.72	9.14	6.95
EV/Sales	Х	0.79	0.66	0.60

Analyst: Saïma Hussain, Changes to Forecasts: 15/11/2023.