



Holding Companies / France

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Earnings/sales releases

12/05/2014

Fact

Chargeurs has released Q1 sales up 1.9% pro-forma although down 1.8% after allowing for forex and price negatives

Analysis

The Protective Film division is on a fast track with sales up 6.5% at €50m. The business is clearly supported by volume demand. The news could have been better at the Interlining division down 4% to €40.9m on forex weakness in Argentina mostly.

Last, the now less important Wool business has been suffering from price and volume contraction, thereby shaving about 12% from last year's figure.

Impact

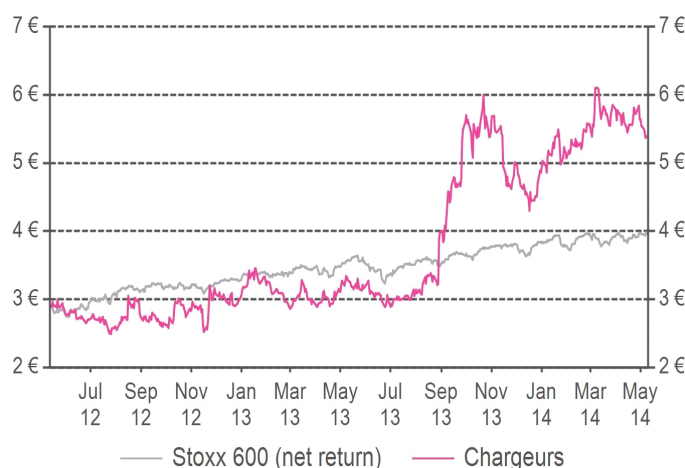
We have slightly lowered our revenue expectation for Wool to allow for the poor start. This has no significant impact on the group's expected earnings.

Management confirmed its aim to reach €20m at the EBIT level by 2015. We are more optimistic and see this sort of earnings as soon as 2014.

Separately, the group confirms that it has recovered not only its financial strength but also its financial freedom as the last commitments to banks have been unravelled over Q1. Job done.

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 : 102%
Target Price (6 months)	€ 10.9
Share Price	€ 5.39
Market Capitalisation €M	80.9
Price Momentum	GOOD
Extremes 12Months	2.89 ▶ 6.10
Newsflow	Neutral
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

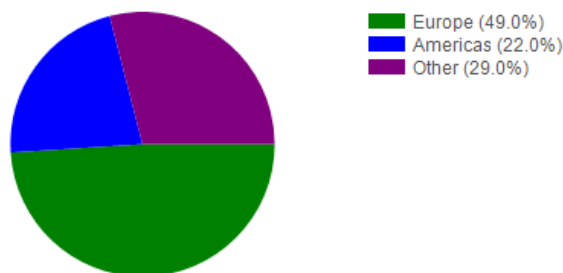

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PERF	1w	1m	3m	12m
Chargeurs	-2.88%	-4.77%	2.08%	62.3%
Other financials	0.73%	1.86%	6.39%	24.7%
STOXX 600	0.23%	1.01%	4.14%	11.5%

Last updated: 09/05/2014	12/12A	12/13A	12/14E	12/15E
Adjusted P/E (x)	-9.08	10.0	9.71	7.23
Dividend yield (%)	0.00	0.00	3.71	4.64
EV/EBITDA(R) (x)	6.37	2.69	3.40	3.03
Adjusted EPS (€)	-0.35	0.37	0.56	0.75
Growth in EPS (%)			48.6	34.3
Dividend (€)	0.00	0.00	0.20	0.25
Sales (€M)	525	467	478	498
Operating margin (%)	1.33	3.82	4.31	4.97
Attributable net profit (€M)	-15.1	3.30	12.1	16.4
ROE (after tax) (%)	-6.86	4.50	6.75	8.58
Gearing (%)	30.9	8.82	-1.90	-2.84

[Company Valuation](#) - [Company Financials](#)

Sales by Geography



Consolidated P&L Account

	12/13A	12/14E	12/15E
Sales	€M 467	478	498
Change in sales	% -11.1	2.47	4.26
Change in staff costs	% -9.93	-3.63	3.00
EBITDA	€M 26.4	29.4	33.8
EBITDA(R) margin	% 7.05	6.78	7.17
Depreciation	€M -8.60	-8.80	-9.00
Underlying operating profit	€M 17.8	20.6	24.8
Operating profit (EBIT)	€M 17.8	20.6	24.8
Net financial expense	€M -6.50	-3.73	-1.40
of which related to pensions	€M	-0.70	-0.63
Exceptional items & other	€M		
Corporate tax	€M -3.70	-5.24	-7.44
Equity associates	€M 0.30	0.40	0.50
Minority interests	€M 0.00	0.00	0.00
Adjusted attributable net profit	€M 3.30	12.1	16.4
NOPAT	€M 12.8	15.3	18.3

Cashflow Statement

	12/13A	12/14E	12/15E
EBITDA	€M 26.4	29.4	33.8
Change in WCR	€M 4.60	-6.50	-6.00
Actual div. received from equity holdi...	€M 0.30	0.40	0.50
Paid taxes	€M -4.00	-5.24	-7.44
Exceptional items	€M 0.00	0.00	0.00
Other operating cash flows	€M -8.90	-5.00	-5.00
Total operating cash flows	€M 18.4	13.1	15.8
Capital expenditure	€M -0.30	-6.00	-7.00
Total investment flows	€M 3.10	-8.00	-10.0
Net interest expense	€M -6.50	-3.73	-1.40
Dividends (parent company)	€M 0.00	0.00	-3.00
Dividends to minorities interests	€M 0.00	0.00	0.00
New shareholders' equity	€M 1.50	0.00	0.00
Total financial flows	€M -27.3	-26.8	-9.77
Change in cash position	€M -6.50	-21.7	-3.96
Free cash flow (pre div.)	€M 11.6	3.35	7.41

Per Share Data

	12/13A	12/14E	12/15E
No. of shares net of treas. stock (year...)	Mio 22.9	22.9	22.9
Number of diluted shares (average)	Mio 22.9	22.9	22.9
Benchmark EPS	€ 0.37	0.56	0.75
Restated NAV per share	€		
Net dividend per share	€ 0.00	0.20	0.25

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 12.6	55%	■ Akzo Nobel
Dividend Yield	€ 7.34	20%	■ Solvay
DCF	€ 8.96	10%	■ Wendel
P/E	€ 10.8	10%	■ Bolloré
P/Book	€ 9.85	5%	■ GBL
TARGET PRICE	€ 10.9	100%	■ Sonae
			■ Hal Trust
			■ Eurazeo

NAV/SOTP Calculation

Balance Sheet

	12/13A	12/14E	12/15E
Goodwill	€M 63.8	63.8	63.8
Total intangible	€M 66.3	66.8	66.8
Tangible fixed assets	€M 37.5	40.0	42.0
Financial fixed assets	€M 25.7	26.0	26.0
WCR	€M 20.5	27.0	33.0
Other assets	€M 30.6	30.0	30.0
Total assets (net of short term liab.)	€M 184	194	203
Ordinary shareholders' equity	€M 171	186	197
Quasi Equity & Preferred	€M		
Minority interests	€M 3.30	4.00	4.00
Provisions for pensions	€M 12.7	8.41	8.76
Other provisions for risks and liabilities	€M 0.40	1.00	1.00
Total provisions for risks and liabilities	€M 13.1	9.41	9.76
Tax liabilities	€M -11.9	-12.0	-12.0
Other liabilities	€M 10.6	11.0	11.0
Net debt (cash)	€M -2.50	-4.56	-6.60
Total liab. and shareholders' equity	€M 184	194	203

Capital Employed

	12/13A	12/14E	12/15E
Capital employed after depreciation	€M 165	164	172

Profits & Risks Ratios

	12/13A	12/14E	12/15E
ROE (after tax)	% 4.50	6.75	8.58
ROCE	% 10.5	10.6	11.4
Gearing (at book value)	% 8.82	-1.90	-2.84
Adj. Net debt/EBITDA(R)	x 0.38	-0.02	-0.07
Interest cover (x)	x 2.34	5.49	18.5

Valuation Ratios

	12/13A	12/14E	12/15E
Reference P/E (benchmark)	x 10.0	9.71	7.23
Free cash flow yield	% 13.5	2.72	6.01
P/Book	x 0.50	0.66	0.63
Dividend yield	% 0.00	3.71	4.64

EV Calculation

	12/13A	12/14E	12/15E
Market cap	€M 85.7	123	123
+ Provisions	€M 13.1	9.41	9.76
+ Unrecognised actuarial losses/(gains)	€M 0.00	0.00	0.00
+ Net debt at year end	€M -2.50	-4.56	-6.60
+ Leases debt equivalent	€M 15.0	4.00	4.00
- Financial fixed assets (fair value)	€M 26.0	26.0	26.0
+ Minority interests (fair value)	€M 3.30	4.00	4.00
= EV	€M 88.6	110	108
EV/EBITDA(R)	x 2.69	3.40	3.03
EV/Sales	x 0.19	0.23	0.22

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 09/05/2014.