

AlphaValue has a contract with Chargeurs to research Chargeurs using the AlphaValue methods and procedures.

Earnings/sales releases

Fact

Q1 11: revenue was €140.6m, up 14.6%, of which c.11% due to the raw material price increase and 4% to higher volumes. The better top-line growth was in the wool division up 18% to €47.8m. For H1, management anticipates "very good operational performances" but also highlighted the expected increase in expenses linked to the financial restructuring.

Analysis

During the AGM (06 May), E. Malone indicated that the cost cutting plan had borne fruit since its implementation was launched. Nevertheless, the big issue for the group is to succeed in managing the huge cost increase, both in term of intensity and rapidity. Price increases were fully passed through in Q1 but results will improve more slowly.

Impact

No change to our forecast at this stage.

Buy

Upside : 57.9 %

Target Price (6 months)	€ 8.92
Share Price	€ 5.65
Market Capitalisation €M	74.1
Price Momentum	STRONG
Extremes 12Months	3.50 ▶ 6.01

Full Company Analysis



PERF	1w	1m	3m	12m
Chargeurs	-5.83 %	-3.75 %	9.50 %	45.2 %
Other financials	-0.54 %	0.24 %	0.76 %	23.9 %
DJ STOXX 600	-1.23 %	-0.44 %	-2.41 %	18.2 %

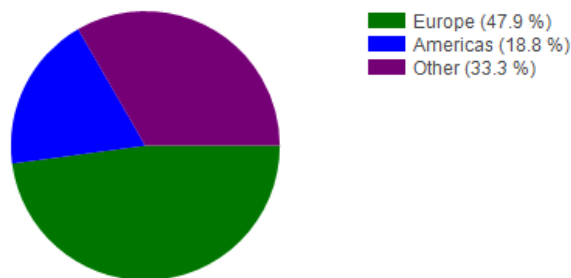
Sector Opinion	Underweight
Strongest upside	Chargeurs
Worst potential	TUI

Complete Sector Analysis

Last updated: 09/05/2011	12/09A	12/10A	12/11E	12/12E
Adjusted P/E (x)	-1.56	6.16	10.5	9.96
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA (x)	6.62	4.50	4.52	4.34
Adjusted EPS (€)	-3.41	0.72	0.54	0.57
Growth in EPS (%)			-25.4	5.88
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	452	512	521	532
Operating result margin (%)	-4.34	4.16	4.26	4.44
Attributable net profit (€M)	-45.9	12.9	11.6	12.5
ROE (after tax) (%)	-28.6	8.80	6.74	6.93
Gearing (%)	67.2	49.0	41.4	37.0

Company Valuation - Company Financials

Sales by Geography



Consolidated P&L Account

		12/10A	12/11E	12/12E
Sales	€M	512	521	532
Change in sales	%	13.3	1.76	2.06
Change in staff costs	%	-1.37	3.52	3.48
EBITDA	€M	28.9	32.7	34.2
EBITDA margin	%	5.64	6.28	6.43
Depreciation	€M	-9.10	-9.30	-9.50
Underlying operating profit	€M	18.8	22.4	23.7
Operating profit (EBIT)	€M	21.3	22.4	23.7
Net financial expense	€M	-9.90	-10.0	-10.0
of which related to pensions	€M		-0.35	-0.61
Exceptional items & other	€M			
Corporate tax	€M	1.60	-1.13	-1.56
Equity associates	€M	0.20	0.50	0.75
Minority interests	€M	-0.10	-0.20	-0.40
Adjusted attributable net profit	€M	11.2	11.6	12.5
NOPAT	€M	13.9	16.4	17.8

Cashflow Statement

		12/10A	12/11E	12/12E
EBITDA	€M	28.9	32.7	34.2
Change in WCR	€M	-6.90	-5.10	-7.00
Actual div. received from equity holdi...	€M	0.30	0.40	0.50
Paid taxes	€M		-1.13	-1.56
Exceptional items	€M	0.00	0.00	0.00
Other operating cash flows	€M	-21.5	-12.0	-12.0
Total operating cash flows	€M	0.80	14.9	14.1
Capital expenditure	€M	-5.80	-6.00	-6.00
Total investment flows	€M	-7.20	-6.00	-6.00
Net interest expense	€M	-9.90	-10.0	-10.0
Dividends (parent company)	€M	0.00	0.00	0.00
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	5.10	0.60	1.20
Total financial flows	€M	20.3	-12.5	-10.2
Change in cash position	€M	18.1	-3.68	-2.06
Free cash flow (pre div.)	€M	-14.9	-1.13	-1.86

Per Share Data

		12/10A	12/11E	12/12E
No. of shares net of treas. stock (year...)	Mio	12.8	13.0	13.6
Number of diluted shares (average)	Mio	15.9	21.6	22.0
Benchmark EPS	€	0.72	0.54	0.57
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.00

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€12.5	55 %	● Wendel
Dividend Yield	€0.00	20 %	● Bolloré
DCF	€9.18	10 %	● Eurazeo
P/E	€5.38	10 %	● Groupe Bruxelles L...
P/Book	€11.3	5 %	● Hal Trust
TARGET PRICE	€8.92	100 %	● Sonae
			● Akzo Nobel
			● Rhodia

DCF Calculation

NAV/SOTP Calculation

Balance Sheet

		12/10A	12/11E	12/12E
Goodwill	€M	65.8	65.8	65.8
Tangible fixed assets	€M	59.4	55.5	51.4
Financial fixed assets	€M	18.3	18.0	18.0
WCR	€M	61.9	67.0	74.0
Other assets	€M	34.3	34.0	34.0
Total assets (net of short term liab.)	€M	260	254	257
Ordinary shareholders' equity	€M	168	176	184
Quasi Equity & Preferred	€M			
Minority interests	€M	6.70	6.70	6.70
Provisions for pensions	€M	10.0	11.7	11.8
Other provisions for risks and liabilities	€M	8.40	10.0	10.0
Total provisions for risks and liabilities	€M	18.4	21.7	21.8
Tax liabilities	€M	-17.7	-20.0	-22.0
Other liabilities	€M	10.0	0.00	0.00
Net debt (cash)	€M	75.1	70.3	66.3
Total liab. and shareholders' equity	€M	260	254	257

Capital Employed

		12/10A	12/11E	12/12E
Capital employed after depreciation	€M	228	231	234

Profits & Risks Ratios

		12/10A	12/11E	12/12E
ROE (after tax)	%	8.80	6.74	6.93
ROCE	%	7.88	8.85	9.32
Gearing (at book value)	%	49.0	41.4	37.0
Adj. Net debt/EBITDA(R)	x	2.67	2.34	2.16
Interest cover (x)	x	1.90	2.32	2.52

Valuation Ratios

		12/10A	12/11E	12/12E
Reference P/E (benchmark)	x	6.16	10.5	9.96
Free cash flow yield	%	-26.4	-1.54	-2.43
P/Book	x	0.34	0.42	0.42
Dividend yield	%	0.00	0.00	0.00

AlphaValue EV Calculation

		12/10A	12/11E	12/12E
Market cap	€M	56.5	73.5	76.8
+ Provisions	€M	18.4	21.7	21.8
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	75.1	70.3	66.3
+ Leases debt equivalent	€M	17.7	20.0	20.0
- Financial fixed assets (fair value)	€M	18.3	18.0	18.0
+ Minority interests (fair value)	€M	6.70	6.70	6.70
= EV	€M	156	174	174
EV/EBITDA	x	4.50	4.52	4.34
EV/Sales	x	0.30	0.33	0.33

Analyst : Véronique Colas, Changes to Forecasts : 09/05/2011.