

Holding Companies / France

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Sales release: in line with our expectations

Earnings/sales releases - 21/01/2012

■ Fact

For FY 11, Chargeurs reported a 7.9% increase yoy in revenues to €552.3m, mainly due to a price effect of +10.2% partly offset by a 2.3% decline in volumes.

The Wool division performed well at €185m (33.5% revenues) which represented a 23.4% increase compared to the same period last year (+18% in Q1, +27% in H1 and 24.3% for 9M) driven by the wool price.

Both the Protective films and Interlining divisions were negatively impacted by the current turmoil with top-line growth of respectively +1.5% and +1.3% (7.7% and 8.1% in H1 while it was still +3.8% and +5.3% for 9M).

For FY11, the group now guides for operating income to reach €23.9m (+12.2% compared to the same period last year and ahead of the previous group's target of €22.8m) while the net result should stand at €10m (stable compared to previous guidance but -22.5% compared to the 2010 figure which included a positive deferred tax effect).

Earnings figures are due to be released on 9 March.

■ Analysis

As expected, activity in H2 was much more difficult for the group even though it succeeded in (slightly) improving its operating margin (from 4.16% in 2010 to 4.32% in 2011).

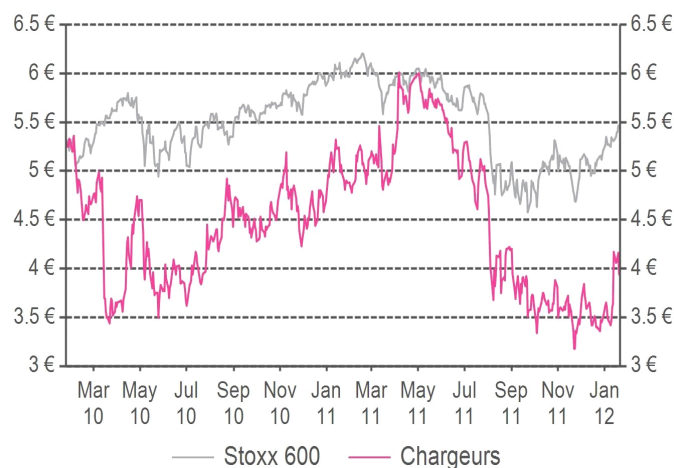
But we assume that the global deterioration of consumption in Europe since the summer (customers' lack of confidence in this "troubled" environment), the increasing pressure on prices as well as the time lag between cost increases and the rise in selling prices and the fluctuations in costs will weigh on Chargeurs's profitability for 2012.

■ Impact

No change at this stage as our figures already take into account our cautiousness for FY12.

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 : 113 %
Target Price (6 months)	€ 8.38
Share Price	€ 3.94
Market Capitalisation €M	54.0
Price Momentum	GOOD
Extremes 12Months	3.18 ▶ 6.01
Newsflow	Neutral
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

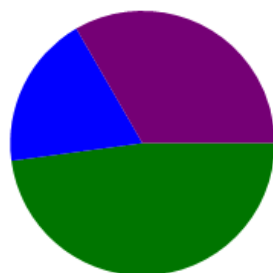

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PERF	1w	1m	3m	12m
Chargeurs	-5.52 %	15.9 %	11.0 %	-22.1 %
Other financials	2.17 %	4.99 %	3.02 %	-18.0 %
STOXX 600	2.68 %	7.82 %	9.77 %	-8.43 %

Last updated: 23/11/2011	12/09A	12/10A	12/11E	12/12E
Adjusted P/E (x)	-1.56	6.16	10.1	7.94
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	6.62	4.50	4.37	4.01
Adjusted EPS (€)	-3.41	0.72	0.47	0.50
Growth in EPS (%)			-34.9	6.00
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	452	512	551	559
Operating margin (%)	-4.34	4.16	4.14	4.13
Attributable net profit (€M)	-45.9	12.9	10.1	10.8
ROE (after tax) (%)	-28.6	8.80	6.00	6.40
Gearing (%)	67.2	49.0	46.9	48.4

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

Sales by Geography



■ Europe (47.9 %)
 ■ Americas (18.8 %)
 ■ Other (33.3 %)

Consolidated P&L Account

		12/10A	12/11E	12/12E
Sales	€M	512	551	559
Change in sales	%	13.3	7.62	1.47
Change in staff costs	%	-1.37	3.58	3.47
EBITDA	€M	28.9	34.1	35.6
EBITDA(R) margin	%	6.78	7.24	7.40
Depreciation	€M	-9.10	-9.40	-9.65
Underlying operating profit	€M	18.8	23.6	24.6
Operating profit (EBIT)	€M	21.3	22.8	23.1
Net financial expense	€M	-9.90	-10.2	-9.90
of which related to pensions	€M		-0.16	-0.31
Exceptional items & other	€M			
Corporate tax	€M	1.60	-2.55	-2.60
Equity associates	€M	0.20	0.25	0.45
Minority interests	€M	-0.10	-0.25	-0.25
Adjusted attributable net profit	€M	11.2	10.1	10.8
NOPAT	€M	13.9	16.3	16.8

Cashflow Statement

		12/10A	12/11E	12/12E
EBITDA	€M	28.9	34.1	35.6
Change in WCR	€M	-6.90	-12.7	-7.60
Actual div. received from equity holdi...	€M	0.30	0.70	0.50
Paid taxes	€M		-2.55	-2.60
Exceptional items	€M	0.00	0.00	0.00
Other operating cash flows	€M	-21.5	-17.0	-15.0
Total operating cash flows	€M	0.80	2.55	10.9
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	-10.2	-9.90
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	-12.9	-6.39
Change in cash position	€M	18.1	-15.7	-1.54
Free cash flow (pre div.)	€M	-14.9	-13.7	-5.05

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	21.5	21.8
Benchmark EPS	€	0.72	0.47	0.50
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	€12.7	55 %	● Akzo Nobel
Dividend Yield	€0.00	20 %	● Solvay
DCF	€6.22	10 %	● Wendel
P/E	€4.16	10 %	● Bolloré
P/Book	€7.03	5 %	● Eurazeo
TARGET PRICE	€8.38	100 %	● Groupe Bruxelles L...
			● Sonae

NAV/SOTP Calculation

Balance Sheet

		12/10A	12/11E	12/12E
Goodwill	€M	65.8	61.7	61.7
Tangible fixed assets	€M	59.4	55.4	51.2
Financial fixed assets	€M	18.3	16.9	16.9
WCR	€M	61.9	74.6	82.2
Other assets	€M	34.3	44.0	40.0
Total assets (net of short term liab.)	€M	260	268	267
Ordinary shareholders' equity	€M	168	168	170
Quasi Equity & Preferred	€M			
Minority interests	€M	6.70	6.70	6.70
Provisions for pensions	€M	10.0	10.8	10.8
Other provisions for risks and liabilities	€M	8.40	10.0	10.0
Total provisions for risks and liabilities	€M	18.4	20.8	20.8
Tax liabilities	€M	-17.7	-20.0	-22.0
Other liabilities	€M	10.0	10.2	10.0
Net debt (cash)	€M	75.1	82.3	81.9
Total liab. and shareholders' equity	€M	260	268	267

Capital Employed

		12/10A	12/11E	12/12E
Capital employed after depreciation	€M	228	234	237

Profits & Risks Ratios

		12/10A	12/11E	12/12E
ROE (after tax)	%	8.80	6.00	6.40
ROCE	%	7.88	8.72	8.82
Gearing (at book value)	%	49.0	46.9	48.4
Adj. Net debt/EBITDA(R)	x	2.67	2.56	2.46
Interest cover (x)	x	1.90	2.35	2.57

Valuation Ratios

		12/10A	12/11E	12/12E
Reference P/E (benchmark)	x	6.16	10.1	7.94
Free cash flow yield	%	-26.4	-22.3	-9.44
P/Book	x	0.34	0.37	0.32
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/10A	12/11E	12/12E
Market cap	€M	56.5	61.3	53.5
+ Provisions	€M	18.4	20.8	20.8
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	75.1	82.3	81.9
+ Leases debt equivalent	€M	17.7	20.0	20.0
- Financial fixed assets (fair value)	€M	18.3	16.9	16.9
+ Minority interests (fair value)	€M	6.70	6.70	6.70
= EV	€M	156	174	166
EV/EBITDA(R)	x	4.50	4.37	4.01
EV/Sales	x	0.30	0.32	0.30

Analyst : Véronique Colas, Changes to Forecasts : 23/11/2011.