

Holding Companies / France

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Earnings/sales releases - 21/01/2014

■ Fact

Chargeurs' Q4 sales figures are in line with 9-month trends, confirming solid progress in the Thin films sector, still weak demand in Interlining and sharply declining sales in Wool as the group has sold those parts of the Wool businesses which were capital hungry

On a pro-forma basis, group sales are down 4%. In the real world, they are down 11% to €466m.

■ Analysis

There is no surprise in these figures. The good news may actually be on the Interlining business which posted another 3% quarterly decline but would have returned flat sales without the negatives of a weaker Argentine Peso and a weaker Real. This means that this unit is defending its turf well.

■ Impact

There is no reason to change earnings expectations before the earnings release on 7/03/2014 even though we are clearly verging on the optimistic side. The group has confirmed another sharp debt reduction which will probably lead it to be debt free which is one of the central planks of its promises. Earnings growth will follow whatever.

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 : 82.6 %
Target Price (6 months)	€ 10.0
Share Price	€ 5.49
Market Capitalisation €M	74.0
Price Momentum	STRONG
Extremes 12Months	2.86 ▶ 6.00
Newsflow	Neutral
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

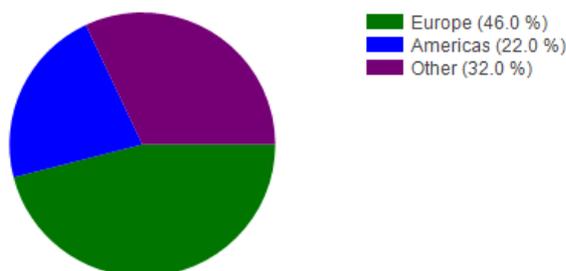

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PERF	1w	1m	3m	12m
Chargeurs	5.17 %	23.4 %	-5.34 %	66.9 %
Other financials	-0.22 %	2.03 %	6.04 %	28.3 %
STOXX 600	1.37 %	4.55 %	5.08 %	16.7 %

Last updated: 02/09/2013	12/11A	12/12A	12/13E	12/14E
Adjusted P/E (x)	9.91	-8.53	12.9	10.6
Dividend yield (%)	0.00	0.00	0.00	3.64
EV/EBITDA(R) (x)	5.94	6.18	4.10	4.67
Adjusted EPS (€)	0.47	-0.37	0.29	0.52
Growth in EPS (%)	-35.2			78.4
Dividend (€)	0.00	0.00	0.00	0.20
Sales (€M)	552	525	467	485
Operating margin (%)	4.29	1.33	3.75	4.23
Attributable net profit (€M)	10.5	-15.1	5.60	10.5
ROE (after tax) (%)	5.31	-6.86	3.11	5.71
Gearing (%)	35.9	30.9	12.6	6.03

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

Sales by Geography



Consolidated P&L Account

	12/12A	12/13E	12/14E
Sales	€M 525	467	485
Change in sales	% -4.96	-11.0	3.85
Change in staff costs	% 1.46	-8.61	0.93
EBITDA	€M 17.6	27.5	30.5
EBITDA(R) margin	% 4.46	7.28	7.63
Depreciation	€M -9.80	-10.0	-10.5
Underlying operating profit	€M 6.60	17.5	20.0
Operating profit (EBIT)	€M 7.00	17.5	20.0
Net financial expense	€M -10.2	-8.00	-6.00
of which related to pensions	€M	-0.72	-0.77
Exceptional items & other	€M 1.30		
Corporate tax	€M -9.20	-2.90	-3.50
Equity associates	€M -1.20	-1.00	0.00
Minority interests	€M -0.60	0.00	0.00
Adjusted attributable net profit	€M -10.8	5.60	10.5
NOPAT	€M 4.68	11.8	14.5

Cashflow Statement

	12/12A	12/13E	12/14E
EBITDA	€M 17.6	27.5	30.5
Change in WCR	€M 23.1	6.60	-7.00
Actual div. received from equity holdi...	€M 0.90	0.90	0.90
Paid taxes	€M -3.70	-2.90	-3.50
Exceptional items	€M 0.00	0.00	0.00
Other operating cash flows	€M -5.00	-5.00	-5.00
Total operating cash flows	€M 32.9	27.1	15.9
Capital expenditure	€M -2.20	-3.00	-5.50
Total investment flows	€M -2.20	0.00	-7.50
Net interest expense	€M -10.2	-8.00	-6.00
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 0.80	0.00	0.00
Total financial flows	€M -48.7	-38.7	-15.2
Change in cash position	€M 2.00	-11.6	-6.83
Free cash flow (pre div.)	€M 20.5	16.1	4.40

Per Share Data

		12/12A	12/13E	12/14E
No. of shares net of treas. stock (year...)	Mio	21.5	21.5	21.5
Number of diluted shares (average)	Mio	21.5	21.5	21.5
Benchmark EPS	€	-0.37	0.29	0.52
Restated NAV per share	€			
Net dividend per share	€	0.00	0.00	0.20

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 13.0	55 %	● Akzo Nobel
Dividend Yield	€ 5.63	20 %	● Solvay
DCF	€ 6.40	10 %	● Wendel
P/E	€ 6.69	10 %	● Bolloré
P/Book	€ 8.55	5 %	● GBL
TARGET PRICE	€ 10.0	100 %	● Sonae
			● Hal Trust
			● Eurazeo

NAV/SOTP Calculation

Balance Sheet

	12/12A	12/13E	12/14E
Goodwill	€M 65.9	64.0	64.0
Total intangible	€M 69.9	70.0	70.0
Tangible fixed assets	€M 47.5	44.0	38.6
Financial fixed assets	€M 24.6	23.0	25.0
WCR	€M 49.6	43.0	50.0
Other assets	€M 28.2	29.0	30.0
Total assets (net of short term liab.)	€M 232	212	218
Ordinary shareholders' equity	€M 180	181	187
Quasi Equity & Preferred	€M		
Minority interests	€M 6.60	6.00	7.00
Provisions for pensions	€M 10.6	11.4	11.4
Other provisions for risks and liabilities	€M 6.00	6.00	6.00
Total provisions for risks and liabilities	€M 16.6	17.4	17.4
Tax liabilities	€M -11.9	-11.9	-11.9
Other liabilities	€M 8.00	7.00	8.00
Net debt (cash)	€M 32.7	12.9	9.71
Total liab. and shareholders' equity	€M 232	212	218

Capital Employed

	12/12A	12/13E	12/14E
Capital employed after depreciation	€M 237	226	229

Profits & Risks Ratios

		12/12A	12/13E	12/14E
ROE (after tax)	%	-6.86	3.11	5.71
ROCE	%	3.69	7.23	8.33
Gearing (at book value)	%	30.9	12.6	6.03
Adj. Net debt/EBITDA(R)	x	3.34	1.72	1.49
Interest cover (x)	x	0.65	2.40	3.82

Valuation Ratios

		12/12A	12/13E	12/14E
Reference P/E (benchmark)	x	-8.53	12.9	10.6
Free cash flow yield	%	30.2	20.0	3.73
P/Book	x	0.38	0.45	0.63
Dividend yield	%	0.00	0.00	3.64

EV Calculation

	12/12A	12/13E	12/14E	
Market cap	€M 67.8	80.5	118	
+ Provisions	€M 16.6	17.4	17.4	
+ Unrecognised actuarial losses/(gains)	€M 0.00	0.00	0.00	
+ Net debt at year end	€M 32.7	12.9	9.71	
+ Leases debt equivalent	€M 45.5	45.5	45.5	
- Financial fixed assets (fair value)	€M 24.6	23.0	25.0	
+ Minority interests (fair value)	€M 6.60	6.00	7.00	
= EV	€M 145	139	173	
EV/EBITDA(R)	x	6.18	4.10	4.67
EV/Sales	x	0.28	0.30	0.36

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 02/09/2013.