



Chargeurs

Support Services / France

Q1-24 Chargeurs kicks off the year in high gear

Earnings/sales releases - 30/04/2024

Chargeurs got off to a good start in 2024 with 10% yoy organic revenue growth, boosted by all of its divisions. As in the previous quarters, the Luxury segment continued to be the Group's main driving force, bolstered by the museum activity. The positive surprise of this release, however, was Advanced Materials, which returned to growth territory after 6 consecutive quarters of decline, lifted by a volume effect, even in an adverse pricing environment.

Fact

- Chargeurs posted organic revenue growth of 10% yoy to €177.8m.
- The Luxury division performed particularly well, with organic growth of 20% yoy to €54.1m. The Technology division also reported 6% revenue growth to €123.7m.
- Chargeurs Advanced Materials (CAM) began its upturn with organic sales growth of 2.7% to €72.4m.
- Chargeurs Museum Studio (CMS) recorded impressive organic sales growth of 35% to €28.2m.
- The PCC Fashion Technologies (CFT-PCC) and Luxury Fibers (CLF) divisions achieved organic growth of 11% and 7.4% respectively.

Revenue breakdown by division

€m	Q1 2024	Q1 2023	Change	
			reported	like-for-like
Technologies	123.7	122.0	+1.4%	+6.2%
Advanced Materials	72.4	70.7	+2.4%	+2.7%
PCC Fashion Technologies	51.3	51.3	+0.0%	+11.1%
Luxury	54.1	44.6	+21.3%	+20.2%
Museum Studio	28.2	20.9	+34.9%	+34.9%
Luxury Fibers	23.1	21.7	+6.5%	+7.4%
Personal Goods	2.8	2.0	+40.0%	+5.0%
CHARGEURS	177.8	166.6	+6.7%	+10.0%

- Concerning the takeover bid for Chargeurs Group shares, the transaction was successfully completed on April 9. Following the tender offer, Columbus Holding and Columbus Holding 2, Groupe Familial Fribourg and its partners control 67.58% of the capital and 68.46% of the voting rights.

Analysis

Chargeurs started the new year on a high note with organic sales growth of 10% yoy to €178m, underpinned by a resilient performance across all the divisions, particularly at Chargeurs Advanced Materials (CAM) (+2.7% organic growth yoy) and Chargeurs Museum Studio (CMS) (+35% organic growth yoy).

Recovery underway in the Advanced Materials division

After nearly six quarters of decline, CAM was back in positive growth territory, with sales up by 2.7% yoy to €72.4m. This achievement was powered by a positive volume effect (+6% yoy) against the backdrop of a recovery gaining strength in Europe, which had already got underway in Asia and America. This performance is all the more commendable in a context of a 13% drop in



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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: 29.1%

Target Price (6 months)	€ 14.7
Share Price	€ 11.4
Market Cap. €M	287
Price Momentum	GOOD
Extremes 12Months	6.40 ▶ 14.8
Sustainability score	2.3 /10
Credit Risk	B ↗
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

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PERF	1w	1m	3m	12m
Chargeurs	7.36%	-4.85%	-4.05%	-20.6%
Support Services	-0.54%	-4.29%	3.03%	1.46%
STOXX 600	1.20%	-0.84%	4.85%	8.94%

Last updated: 22/11/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	18.3	72.5	19.0	11.6
Dividend yield (%)	4.51	1.52	5.27	8.61
EV/EBITDA(R) (x)	8.72	10.7	7.86	6.18
Adjusted EPS (€)	0.92	0.16	0.60	0.98
Growth in EPS (%)	-29.2	-82.3	267	63.3
Dividend (€)	0.76	0.18	0.60	0.98
Sales (€M)	746	669	753	843
Underlying operat. profit ma...	6.08	3.91	5.75	7.06
Attributable net profit (€M)	22.1	3.92	14.4	23.2
ROE (after tax) (%)	8.08	1.45	5.30	7.78
Gearing (%)	53.5	74.3	74.7	68.3

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

polyethylene prices vs. Q1-23. The outlook is good for the division, which has regained an order backlog close to its Q1-22 levels. Given the positive trend in terms of volume, and its solid order book, the division should gradually return to proper profitability as the Group progresses with its contracts, even if the management remains cautious in view of the structurally low visibility (the order book covers 6 to 8 weeks at most).

Still no signs of fragility in fashion

While the current environment would suggest a decline in Chargeurs' Fashion Technologies (CFT-PCC) business, CFT-PCC's figures proved otherwise, with organic sales growth of 11% to €51.3m. This performance was driven by solid growth in Asia (which accounts for over 50% of sales), which offset the sluggish performance experienced in Europe. In view of the solid order book and its strategy of targeting high-margin customers, Chargeurs is confident about the prospects for the division which, like CAM, has good visibility. The division was nevertheless hit by the devaluation of the Argentine peso, which reduced the reported growth to zero. Argentina had already marred the Q4-2023 reported sales.

Chargeurs Museum Studio builds on momentum

As in recent quarters, CMS continues to be Chargeurs' main growth driver. CMS recorded remarkable revenue growth of 35% organic yoy to €28m. This was due to the projects won in 2021 and 2022, which are progressing as planned by Chargeurs. Although we are still a long way from the €150m expected for 2024, there is no need to worry. The quarterly figures are bound to be bouncy as the projects complete. Chargeurs is confident about this figure and has reiterated its guidance.

NATIVA expansion pursued at Chargeurs Luxury Fibers

Like the other divisions, Chargeurs Luxury Fibers (CLF) reported robust figures for Q1-24, with organic revenue growth of 7.4% to €23.1m. Sales of conventional wool continued to grow. Chargeurs intends to extend its offer to various European and American brands, and also to broaden its offer to cotton fibers, starting in Europe.

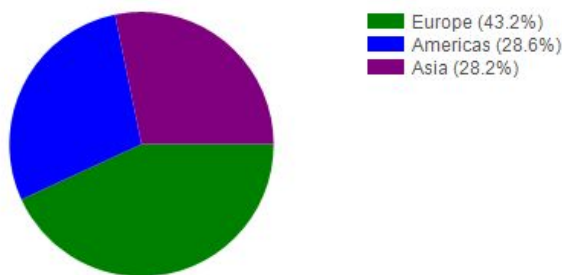
Personal goods: a marginal yet promising division

Personal Goods, the Group's smallest division with sales of €2.8m, showed continued growth. The division recorded organic growth of 5%, underpinned by demand for Altesse Studio's high-end accessories and Swaine's increased visibility since the opening of its flagship store in London's New Bond Street.

■ Impact

Our model is currently being revised to incorporate these results and roll forward our estimates for 2026. The near-term top-line dynamic is clearly good news while the management will be cautious about over-discounting a recovery. We maintain a positive stance on the stock and any changes to our model should not materially impact our recommendation.

Sales by Geography



Consolidated P&L Accounts

	12/22A	12/23E	12/24E
Sales	€M 746	669	753
Change in sales	% 1.33	-10.3	12.6
Change in staff costs	% 6.99	5.45	5.40
EBITDA	€M 67.9	47.8	64.9
EBITDA(R) margin	% 9.10	7.13	8.61
Depreciation	€M -22.5	-21.0	-23.6
Underlying operating profit	€M 38.9	20.9	34.7
Operating profit (EBIT)	€M 38.5	15.9	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		
Corporate tax	€M 2.50	7.77	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	3.92	14.4
NOPAT	€M 29.2	16.6	27.4

Cashflow Statement

	12/22A	12/23E	12/24E
EBITDA	€M 67.9	47.8	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	7.77	0.21
Exceptional items	€M		
Other operating cash flows	€M -15.9	-8.00	-8.00
Total operating cash flows	€M 7.50	38.1	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	2.16	-6.47
Free cash flow (pre div.)	€M -22.4	-0.24	6.89

Per Share Data

	12/22A	12/23E	12/24E
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	0.16	0.60
Restated NAV per share	€		
Net dividend per share	€ 0.76	0.18	0.60

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 11.5	35%	● AkzoNobel
NAV/SOTP per share	€ 28.0	20%	● Rentokil Initial
EV/Ebitda	€ 7.46	20%	● Quadiant
P/E	€ 7.24	10%	● Teleperformance
Dividend Yield	€ 18.1	10%	● Bureau Veritas
P/Book	€ 20.3	5%	
TARGET PRICE	€ 14.7	100%	

NAV/SOTP Calculation

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	262	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	215
Total liab. and shareholders' equity	€M 475	499	527

Capital Employed

	12/22A	12/23E	12/24E
Capital employed after depreciation	€M 413	436	465

Profits & Risks Ratios

	12/22A	12/23E	12/24E
ROE (after tax)	% 8.08	1.45	5.30
ROCE	% 7.06	3.80	5.91
Gearing (at book value)	% 53.5	74.3	74.7
Adj. Net debt/EBITDA(R)	x 2.68	4.36	3.31
Interest cover (x)	x 2.04	1.03	2.28

Valuation Ratios

	12/22A	12/23E	12/24E
Reference P/E (benchmark)	x 18.3	72.5	19.0
Free cash flow yield	% -5.53	-0.08	2.51
P/Book	x 1.45	1.08	0.97
Dividend yield	% 4.51	1.52	5.27

EV Calculation

	12/22A	12/23E	12/24E
Market cap	€M 405	284	275
+ Provisions	€M 25.7	40.4	41.8
+ Unrecognised actuarial losses/(gains)	€M 0.00	0.00	0.00
+ Net debt at year end	€M 152	178	184
+ 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	511	510
EV/EBITDA(R)	x 8.72	10.7	7.86
EV/Sales	x 0.79	0.76	0.68

Analyst : Saïma Hussain, Changes to Forecasts : 22/11/2023.