

Holding Companies / France

48 bd des Batignolles, 75017 Paris - France

Tel +33 (0) 1 70 61 10 50

Email [sales@alphavalue.eu](mailto:sales@alphavalue.eu)Web [WWW.ALPHAVALUE.COM](http://WWW.ALPHAVALUE.COM)

## Lower volumes will impact profitability

Significant news - 04/05/2012

### ■ Fact

For Q1 12, management reported revenues of €140.2m, all in all broadly stable compared to the same period last year but showing a strong decrease in volumes, -11.6%, while the mix/price effect was 8.7% and FX 2.6%.

For H1 12, Chargeurs has guided for revenues to be around €290m and operating income to be c.€9m.

### ■ Analysis

The group succeeded in further passing on price increases but volumes were negatively impacted by customers' lack of visibility primarily in the Chargeurs Protective films and Interlining divisions. Europe remained very affected while the US is recovering.

The Wool division performed well at the top line (growth reached +5.9%) driven by the wool price (but the trends are changing with decreasing prices from 175USc/lb in January 2011 to 101USc/lb in April 2012) and selectivity in contracts.

As expected, Chargeurs is not immune from the global deterioration of consumption in Europe since last summer: customers' lack of confidence in this difficult economic environment with a probable recession in Europe (48% group's revenues), 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...

### ■ Impact

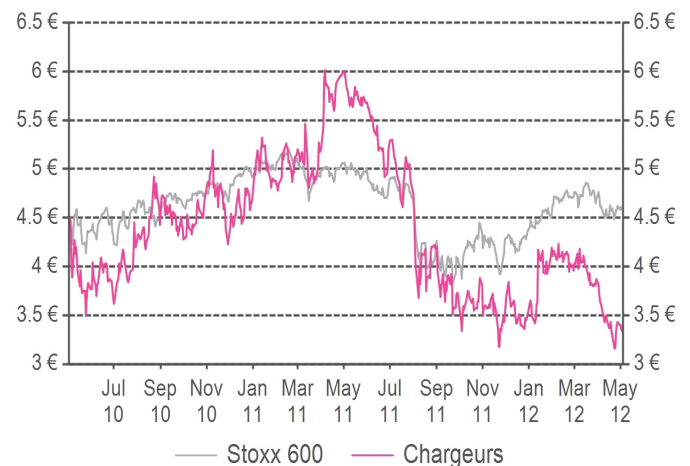
We have already taken into account the challenging environment in our forecasts. We will see later on if it is necessary to revise down our figures further.

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 : 148 %

Target Price (6 months)	€ 8.30
Share Price	€ 3.34
Market Capitalisation €M	43.9
Price Momentum	<b>NEGATIVE</b>
Extremes 12Months	3.16 ▶ 5.95
Newsflow	Neutral
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

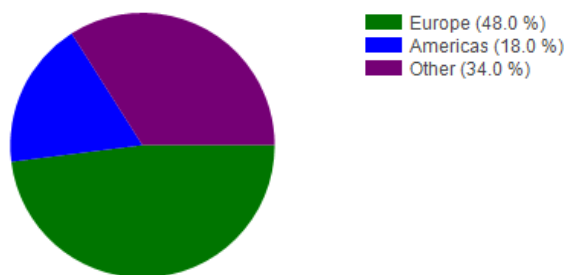

[Download Full Analysis](#)
[Company Page](#)


PERF	1w	1m	3m	12m
Chargeurs	-1.76 %	-9.73 %	-19.7 %	-43.9 %
Other financials	-0.24 %	-6.38 %	-7.22 %	-24.3 %
STOXX 600	0.13 %	-2.56 %	-2.67 %	-8.82 %

Last updated: 04/05/2012	12/10A	12/11A	12/12E	12/13E
Adjusted P/E (x)	6.16	10.1	9.21	7.44
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	4.13	4.35	3.91	3.70
Adjusted EPS (€)	0.72	0.47	0.36	0.45
Growth in EPS (%)		-35.2	-22.1	23.7
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	512	552	549	557
Operating margin (%)	4.16	4.29	4.04	4.17
Attributable net profit (€M)	12.9	10.5	7.79	9.64
ROE (after tax) (%)	8.44	5.31	4.02	5.02
Gearing (%)	42.0	35.9	43.3	45.2

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

## Sales by Geography



## Consolidated P&L Account

		12/11A	12/12E	12/13E
Sales	€M	552	549	557
Change in sales	%	7.83	-0.56	1.45
Change in staff costs	%	4.87	2.96	3.49
EBITDA	€M	30.9	32.8	34.7
<b>EBITDA(R) margin</b>	<b>%</b>	<b>6.65</b>	<b>7.03</b>	<b>7.34</b>
Depreciation	€M	-9.00	-9.40	-10.0
Underlying operating profit	€M	20.8	22.1	23.2
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>23.7</b>	<b>21.1</b>	<b>23.2</b>
Net financial expense	€M	-10.4	-11.2	-11.1
of which related to pensions	€M	0.00	-0.45	-0.62
Exceptional items & other	€M			
Corporate tax	€M	-4.50	-3.30	-3.90
Equity associates	€M	1.20	1.20	1.40
Minority interests	€M	0.00	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>10.5</b>	<b>7.79</b>	<b>9.64</b>
NOPAT	€M	17.8	16.3	18.1

## Cashflow Statement

		12/11A	12/12E	12/13E
EBITDA	€M	30.9	32.8	34.7
Change in WCR	€M	-30.0	-13.6	-7.00
Actual div. received from equity holdi...	€M	0.70	0.70	0.70
Paid taxes	€M	-4.00	-3.30	-3.90
Exceptional items	€M	0.00	0.00	0.00
Other operating cash flows	€M	1.35	-9.00	-9.00
Total operating cash flows	€M	-1.05	7.59	15.5
Capital expenditure	€M	-4.50	-5.20	-5.30
Total investment flows	€M	-4.40	-5.20	-5.30
Net interest expense	€M	-10.4	-11.2	-11.1
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	0.50	0.00	0.00
Total financial flows	€M	-9.90	-23.9	-10.5
Change in cash position	€M	-14.7	-21.5	-0.29
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-16.0</b>	<b>-8.81</b>	<b>-0.91</b>

## Per Share Data

		12/11A	12/12E	12/13E
No. of shares net of treas. stock (year...)	Mio	13.0	13.0	13.0
Number of diluted shares (average)	Mio	21.5	21.5	21.5
<b>Benchmark EPS</b>	<b>€</b>	<b>0.47</b>	<b>0.36</b>	<b>0.45</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€12.8	55 %	● Akzo Nobel
Dividend Yield	€0.00	20 %	● Solvay
DCF	€6.05	10 %	● Wendel
P/E	€3.35	10 %	● Bolloré
P/Book	€6.68	5 %	● Groupe Bruxelles L...
TARGET PRICE	€8.30	100 %	● Sonae
			● Hal Trust
			● Eurazeo

### NAV/SOTP Calculation

## Balance Sheet

		12/11A	12/12E	12/13E
Goodwill	€M	66.8	66.8	66.8
Total intangible	€M	71.6	71.6	71.6
Tangible fixed assets	€M	56.9	52.2	47.1
Financial fixed assets	€M	19.6	19.6	19.6
WCR	€M	83.4	97.0	104
Other assets	€M	41.6	40.0	40.0
Total assets (net of short term liab.)	€M	288	293	295
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>196</b>	<b>191</b>	<b>193</b>
Quasi Equity & Preferred	€M			
Minority interests	€M	7.20	6.70	6.70
Provisions for pensions	€M	10.7	12.3	12.4
Other provisions for risks and liabilities	€M	6.00	6.00	6.00
Total provisions for risks and liabilities	€M	16.7	18.3	18.4
Tax liabilities	€M	-17.8	-17.8	-17.8
Other liabilities	€M	6.70	8.00	8.00
<b>Net debt (cash)</b>	<b>€M</b>	<b>78.6</b>	<b>87.0</b>	<b>87.3</b>
Total liab. and shareholders' equity	€M	288	293	295

## Capital Employed

		12/11A	12/12E	12/13E
Capital employed after depreciation	€M	247	255	257

## Profits & Risks Ratios

		12/11A	12/12E	12/13E
<b>ROE (after tax)</b>	<b>%</b>	<b>5.31</b>	<b>4.02</b>	<b>5.02</b>
ROCE	%	8.85	7.96	8.72
<b>Gearing (at book value)</b>	<b>%</b>	<b>35.9</b>	<b>43.3</b>	<b>45.2</b>
Adj. Net debt/EBITDA(R)	x	2.56	2.64	2.50
Interest cover (x)	x	2.00	2.05	2.22

## Valuation Ratios

		12/11A	12/12E	12/13E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>10.1</b>	<b>9.21</b>	<b>7.44</b>
Free cash flow yield	%	-26.0	-20.2	-2.09
P/Book	x	0.31	0.23	0.23
<b>Dividend yield</b>	<b>%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/11A	12/12E	12/13E
Market cap	€M	61.3	43.6	43.6
+ Provisions	€M	16.7	18.3	18.4
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	78.6	87.0	87.3
+ Leases debt equivalent	€M	15.4	15.0	15.0
- Financial fixed assets (fair value)	€M	19.6	19.6	19.6
+ Minority interests (fair value)	€M	7.20	6.70	6.70
= EV	€M	160	151	151
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>4.35</b>	<b>3.91</b>	<b>3.70</b>
EV/Sales	x	0.29	0.27	0.27

Analyst : Véronique Colas, Changes to Forecasts : 04/05/2012.