

Holding Companies / France

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Visible slowdown in order inflow for Q4

Earnings/sales releases - 16/11/2011

■ Fact

For Q3 11, Chargeurs reported a 4% increase yoy in revenues to €132.9m, mainly due to a price effect of +8.3% partly offset by a 4.3% decline in volumes.

For the first 9M, revenues jumped to €423.6m, +10.4%, with volumes up only 0.7%.

The Wool division performed well to €140.1m (33% revenues) which represented a 24.3% increase compared to the same period last year (+18% in Q1 and +27% in H1) driven by the wool price.

The Protective films and Interlining divisions brought weaker top-line growth, with respectively +3.8% and +5.3% vs 7.7% and 8.1% in H1.

For FY 11, despite the lack of visibility on the macro-economic environment, the group guides for revenues to reach €551.1m (+7.6%), operating income to stand at €22.8m (+7%) and the net result to drop to €10m (-22.5% due to higher interest expenses).

■ Analysis

After a good start to the year, the group was much more cautious for H2 and has been proved right.

Weakening demand will have a huge impact and debt should increase further (c.€8m according to our calculations to €83.24m).

Moreover, doubts remain on the group's pricing power from Q4 and onwards: higher costs could also threaten the group's profitability (time lag between cost increases and the rise in selling prices and resistance from customers).

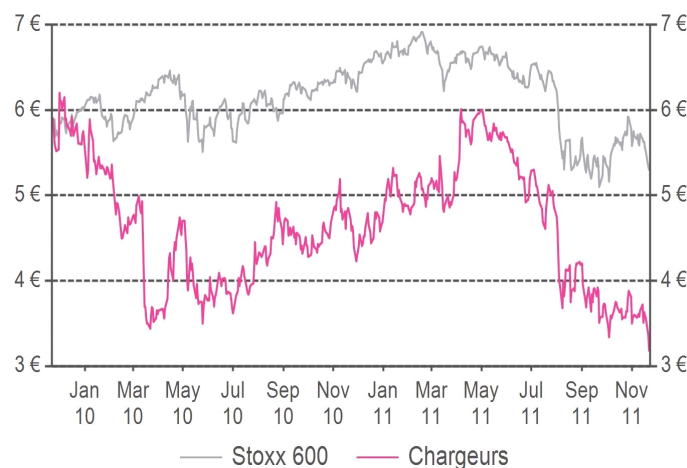
■ Impact

Downward revision of our EBITDA forecasts for 2011, 2012 and 2013 by respectively -7.7%, -6.8% and -5.9%, to take into account the economic / financial turmoil.

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 : 162 %

Target Price (6 months)	€ 8.34
Share Price	€ 3.18
Market Capitalisation €M	41.7
Price Momentum	NEGATIVE
Extremes 12Months	3.18 ▶ 6.01
Newsflow	Neutral
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

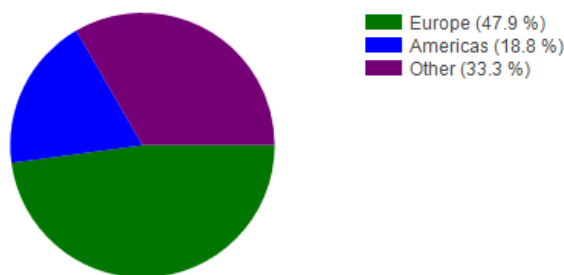

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PERF	1w	1m	3m	12m
Chargeurs	-9.40 %	-10.9 %	-18.7 %	-32.6 %
Other financials	-5.74 %	-8.62 %	-4.56 %	-16.3 %
STOXX 600	-5.81 %	-6.55 %	-0.72 %	-16.6 %

Last updated: 16/11/2011	12/09A	12/10A	12/11E	12/12E
Adjusted P/E (x)	-1.56	6.16	7.34	6.32
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	6.62	4.50	3.95	3.76
Adjusted EPS (€)	-3.41	0.72	0.43	0.50
Growth in EPS (%)			-39.7	16.1
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	452	512	551	566
Operating margin (%)	-4.34	4.16	4.14	4.31
Attributable net profit (€M)	-45.9	12.9	9.30	11.0
ROE (after tax) (%)	-28.6	8.80	5.58	6.56
Gearing (%)	67.2	49.0	47.7	49.3

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

Sales by Geography



Consolidated P&L Account

		12/10A	12/11E	12/12E
Sales	€M	512	551	566
Change in sales	%	13.3	7.62	2.70
Change in staff costs	%	-1.37	3.58	3.47
EBITDA	€M	28.9	33.5	35.7
EBITDA(R) margin	%	6.78	7.13	7.33
Depreciation	€M	-9.10	-9.50	-10.0
Underlying operating profit	€M	18.8	22.9	24.4
Operating profit (EBIT)	€M	21.3	21.9	23.1
Net financial expense	€M	-9.90	-10.8	-10.2
of which related to pensions	€M		-0.16	-0.31
Exceptional items & other	€M			
Corporate tax	€M	1.60	-2.20	-2.50
Equity associates	€M	0.20	0.50	0.70
Minority interests	€M	-0.10	-0.10	-0.15
Adjusted attributable net profit	€M	11.2	9.30	11.0
NOPAT	€M	13.9	15.9	17.1

Cashflow Statement

		12/10A	12/11E	12/12E
EBITDA	€M	28.9	33.5	35.7
Change in WCR	€M	-6.90	-12.1	-7.00
Actual div. received from equity holdi...	€M	0.30	0.70	0.50
Paid taxes	€M		-2.20	-2.50
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	2.90	11.7
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	-10.8	-10.2
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	-13.5	-10.7
Change in cash position	€M	18.1	-16.6	-4.99
Free cash flow (pre div.)	€M	-14.9	-13.9	-4.50

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	0.43	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	€7.05	10 %	● Wendel
P/E	€3.45	10 %	● Bolloré
P/Book	€6.00	5 %	● Eurazeo
TARGET PRICE	€8.34	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	55.3	50.7
Financial fixed assets	€M	18.3	16.9	16.9
WCR	€M	61.9	74.0	81.0
Other assets	€M	34.3	44.0	40.0
Total assets (net of short term liab.)	€M	260	267	265
Ordinary shareholders' equity	€M	168	166	168
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	83.2	82.2
Total liab. and shareholders' equity	€M	260	267	265

Capital Employed

		12/10A	12/11E	12/12E
Capital employed after depreciation	€M	228	233	235

Profits & Risks Ratios

		12/10A	12/11E	12/12E
ROE (after tax)	%	8.80	5.58	6.56
ROCE	%	7.88	8.58	8.98
Gearing (at book value)	%	49.0	47.7	49.3
Adj. Net debt/EBITDA(R)	x	2.67	2.63	2.46
Interest cover (x)	x	1.90	2.15	2.47

Valuation Ratios

		12/10A	12/11E	12/12E
Reference P/E (benchmark)	x	6.16	7.34	6.32
Free cash flow yield	%	-26.4	-33.6	-10.4
P/Book	x	0.34	0.25	0.26
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/10A	12/11E	12/12E
Market cap	€M	56.5	41.3	43.2
+ 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	83.2	82.2
+ 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	155	156
EV/EBITDA(R)	x	4.50	3.95	3.76
EV/Sales	x	0.30	0.28	0.28

Analyst : Véronique Colas, Changes to Forecasts : 16/11/2011.