

Holding Companies / France

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Stronger balance sheet, shame about the 2012 earnings

Update - 24/01/2013

Change in Target Price

€8.61 vs 8.54 +0.86 %

The target price is hardly impacted by the steep (€16m) losses as this has no impact on the NAV, the primary valuation method, which is built on conservative valuations anyway.

Change in EPS

2012 : €-0.46 vs -0.03 ns
2013 : €0.41 vs 0.29 +41.3 %

2012 EPS allows for the €16m loss with restructurings regarded as one-offs. The outlook is cautious in terms of recovery from the 2012 trough operating margins but benefits from the lower financing charges as the net debt position has been dramatically cut.

Change in DCF

€8.81 vs 8.95 -1.52 %

The DCF built on EBITDAs recovering as soon as 2013 and lower net debt following the 2012 efforts. So that it is hardly impacted by the 2012 loss.

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 : 167 %

Target Price (6 months)	€8.61
Share Price	€3.23
Market Capitalisation €M	43.5
Price Momentum	STRONG
Extremes 12Months	2.49 ▶ 4.23
Newsflow	Neutral
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

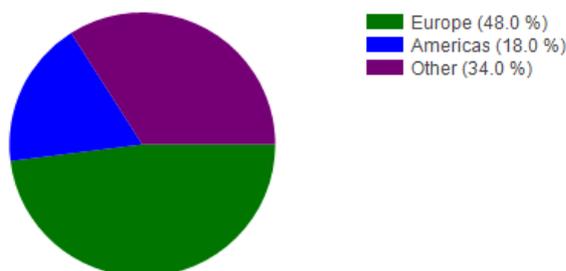

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PERF	1w	1m	3m	12m
Chargeurs	-1.82 %	11.4 %	12.9 %	-17.8 %
Other financials	0.59 %	4.48 %	17.7 %	19.7 %
STOXX 600	0.77 %	2.75 %	7.38 %	12.1 %

Last updated: 24/01/2013	12/10A	12/11A	12/12E	12/13E
Adjusted P/E (x)	6.16	10.1	-6.86	7.81
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	5.24	5.44	4.10	3.16
Adjusted EPS (€)	0.72	0.47	-0.46	0.41
Growth in EPS (%)		-35.2		
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	512	552	525	467
Operating margin (%)	4.16	4.29	1.30	3.97
Attributable net profit (€M)	12.9	10.5	-15.9	8.90
ROE (after tax) (%)	8.44	5.31	-7.17	4.57
Gearing (%)	42.0	35.9	28.9	14.2

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Sales by Geography



Consolidated P&L Account

		12/11A	12/12E	12/13E
Sales	€M	552	525	467
Change in sales	%	7.83	-4.96	-11.1
Change in staff costs	%	4.87	-0.53	-1.99
EBITDA	€M	30.9	23.8	30.0
EBITDA(R) margin	%	6.65	5.64	7.75
Depreciation	€M	-9.00	-10.0	-10.0
Underlying operating profit	€M	20.8	11.8	18.5
Operating profit (EBIT)	€M	23.7	6.80	18.0
Net financial expense	€M	-10.4	-11.8	-8.50
of which related to pensions	€M	0.00	-0.46	-0.61
Exceptional items & other	€M		-4.00	
Corporate tax	€M	-4.50	-6.12	-2.00
Equity associates	€M	1.20	1.20	1.40
Minority interests	€M	0.00	0.00	0.00
Adjusted attributable net profit	€M	10.5	-11.9	8.90
NOPAT	€M	17.8	6.28	14.4

Cashflow Statement

		12/11A	12/12E	12/13E
EBITDA	€M	30.9	23.8	30.0
Change in WCR	€M	-30.0	21.5	-2.10
Actual div. received from equity holdi...	€M	0.70	0.70	0.70
Paid taxes	€M	-4.00	-6.12	-2.00
Exceptional items	€M	0.00	0.00	0.00
Other operating cash flows	€M	1.35	-5.00	-5.00
Total operating cash flows	€M	-1.05	34.9	21.6
Capital expenditure	€M	-4.50	-3.00	-5.00
Total investment flows	€M	-4.40	2.60	-5.00
Net interest expense	€M	-10.4	-11.8	-8.50
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	-11.3	-7.89
Change in cash position	€M	-14.7	46.1	8.66
Free cash flow (pre div.)	€M	-16.0	20.1	8.05

Per Share Data

		12/11A	12/12E	12/13E
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	€	0.47	-0.46	0.41
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	€12.8	55 %	● Akzo Nobel
Dividend Yield	€0.00	20 %	● Solvay
DCF	€8.81	10 %	● Wendel
P/E	€3.83	10 %	● Bolloré
P/Book	€6.46	5 %	● Groupe Bruxelles L...
TARGET PRICE	€8.61	100 %	● Sonae
			● Hal Trust
			● Eurazeo

NAV/SOTP Calculation

Balance Sheet

		12/11A	12/12E	12/13E
Goodwill	€M	66.8	60.0	60.0
Total intangible	€M	71.6	64.8	64.8
Tangible fixed assets	€M	56.9	49.6	44.3
Financial fixed assets	€M	19.6	19.0	19.0
WCR	€M	83.4	61.9	64.0
Other assets	€M	41.6	37.0	38.0
Total assets (net of short term liab.)	€M	288	244	241
Ordinary shareholders' equity	€M	196	192	197
Quasi Equity & Preferred	€M			
Minority interests	€M	7.20	6.70	6.70
Provisions for pensions	€M	10.7	12.0	12.1
Other provisions for risks and liabilities	€M	6.00	6.00	6.00
Total provisions for risks and liabilities	€M	16.7	18.0	18.1
Tax liabilities	€M	-17.8	-13.0	-13.0
Other liabilities	€M	6.70	8.00	8.00
Net debt (cash)	€M	78.6	32.5	23.8
Total liab. and shareholders' equity	€M	288	244	241

Capital Employed

		12/11A	12/12E	12/13E
Capital employed after depreciation	€M	247	210	207

Profits & Risks Ratios

		12/11A	12/12E	12/13E
ROE (after tax)	%	5.31	-7.17	4.57
ROCE	%	8.85	4.92	9.06
Gearing (at book value)	%	35.9	28.9	14.2
Adj. Net debt/EBITDA(R)	x	2.56	1.60	1.07
Interest cover (x)	x	2.00	1.04	2.35

Valuation Ratios

		12/11A	12/12E	12/13E
Reference P/E (benchmark)	x	10.1	-6.86	7.81
Free cash flow yield	%	-15.7	29.5	11.6
P/Book	x	0.52	0.35	0.35
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/11A	12/12E	12/13E
Market cap	€M	101	68.1	69.5
+ Provisions	€M	16.7	18.0	18.1
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	78.6	32.5	23.8
+ Leases debt equivalent	€M	15.4	15.0	15.0
- Financial fixed assets (fair value)	€M	19.6	19.0	19.0
+ Minority interests (fair value)	€M	7.20	6.70	6.70
= EV	€M	200	121	114
EV/EBITDA(R)	x	5.44	4.10	3.16
EV/Sales	x	0.36	0.23	0.24

Analyst : Véronique Colas, Changes to Forecasts : 24/01/2013.