



Chargeurs

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Sizeable PPC acquisition brings immediate leverage

Chargeurs charges ahead, convincingly - 29/06/2018

Change in Target Price

€ 30.2 vs 28.7 **+5.21%**

The PCC acquisition, which beefs up Chargeurs' Fashion Technologies business, positively impacts its valuation as earnings immediately benefit (see ad hoc section).

Change in EPS

2018 : € 1.33 vs 1.28 **+4.13%**
2019 : € 1.65 vs 1.43 **+15.1%**

The strong EPS upgrade in 2019 (first full year of integration) is a reflection of the profitability of the acquired business as well as the fact that excess financing will have a decent return indeed.

Change in NAV

€ 30.7 vs 30.1 **+1.78%**

The NAV is not impacted as PCC is taken at its purchase price and no allowance is taken for (likely) synergies.

Change in DCF

€ 36.5 vs 28.0 **+30.4%**

The DCF benefits from an acquisition with a capital-light business model so that the EBITDA to FCF conversion is high and mechanically positively impacts intrinsic valuations.



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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 : 18.8%**

Target Price (6 months)	€ 30.2
Share Price	€ 25.4
Market Cap. €M	593
Price Momentum	UNFAVORABLE
Extremes 12Months	21.6 ▶ 28.1
Bloomberg	CRI FP Equity
Reuters	CRIP.PA



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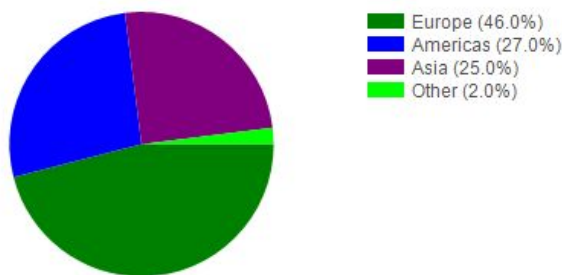


PERF	1w	1m	3m	12m
Chargeurs	10.9%	8.09%	8.39%	6.99%
Other financials	-1.63%	-3.95%	-0.74%	3.47%
SXXR Index	-1.01%	-1.71%	3.61%	0.42%

Last updated: 29/06/2018	12/16A	12/17A	12/18E	12/19E
Adjusted P/E (x)	9.79	20.4	19.1	15.4
Dividend yield (%)	5.16	2.70	2.76	3.15
EV/EBITDA(R) (x)	5.07	9.35	10.8	8.98
Adjusted EPS (€)	1.09	1.09	1.33	1.65
Growth in EPS (%)	56.8	0.02	22.2	23.7
Dividend (€)	0.55	0.60	0.70	0.80
Sales (€M)	506	533	567	657
Underlying operat. profit ma...	7.68	8.33	8.54	9.11
Attributable net profit (€M)	25.0	25.2	31.0	38.4
ROE (after tax) (%)	11.2	11.0	13.0	14.9
Gearing (%)	-5.43	-2.24	10.6	23.0

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Sales by Geography



Consolidated P&L Accounts

		12/17A	12/18E	12/19E
Sales	€M	533	567	657
Change in sales	%	5.25	6.42	15.8
Change in staff costs	%	12.0	5.91	5.85
EBITDA	€M	54.6	60.0	72.8
EBITDA(R) margin	%	10.6	10.9	11.3
Depreciation	€M	-10.2	-11.5	-13.0
Underlying operating profit	€M	44.4	48.5	59.8
Operating profit (EBIT)	€M	38.5	43.5	54.8
Net financial expense	€M	-8.50	-9.10	-9.50
of which related to pensions	€M		-0.10	-0.13
Exceptional items & other	€M			
Corporate tax	€M	-4.00	-3.84	-7.46
Equity associates	€M	-0.80	0.50	0.50
Minority interests	€M	0.00	0.00	0.00
Adjusted attributable net profit	€M	25.2	31.0	38.4
NOPAT	€M	30.3	34.5	42.5

Cashflow Statement

		12/17A	12/18E	12/19E
EBITDA	€M	54.6	60.0	72.8
Change in WCR	€M	-6.70	1.26	-1.16
Actual div. received from equity holdi...	€M	0.80	0.80	0.50
Paid taxes	€M	-7.00	-3.84	-7.46
Exceptional items	€M			
Other operating cash flows	€M	-4.30	-5.00	-5.00
Total operating cash flows	€M	37.4	53.2	59.7
Capital expenditure	€M	-12.9	-26.0	-21.0
Total investment flows	€M	-17.9	-97.4	-31.0
Net interest expense	€M	-8.50	-9.10	-9.50
Dividends (parent company)	€M	-13.8	-14.0	-16.3
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	7.20	0.00	0.00
Total financial flows	€M	31.3	-37.3	-36.7
Change in cash position	€M	54.1	-81.5	-7.97
Free cash flow (pre div.)	€M	16.0	18.1	29.2

Per Share Data

		12/17A	12/18E	12/19E
No. of shares net of treas. stock (year...	Mio	23.3	23.3	23.3
Number of diluted shares (average)	Mio	23.1	23.3	23.3
Benchmark EPS	€	1.09	1.33	1.65
Restated NAV per share	€			
Net dividend per share	€	0.60	0.70	0.80

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 30.7	55%	■ Ackermans & van H...
Dividend Yield	€ 26.1	20%	■ Wacker Chemie
DCF	€ 36.5	10%	● Akzo Nobel
P/E	€ 35.8	10%	■ Solvay
P/Book	€ 17.2	5%	● Bolloré
TARGET PRICE	€ 30.2	100%	■ GBL
			■ Sonae
			■ Hal Trust

NAV/SOTP Calculation

Balance Sheet

		12/17A	12/18E	12/19E
Goodwill	€M	86.2	151	156
Total intangible	€M	88.3	153	158
Tangible fixed assets	€M	63.2	85.0	90.0
Financial fixed assets	€M	11.7	12.0	15.0
WCR	€M	21.1	19.8	21.0
Other assets	€M	24.0	27.0	30.0
Total assets (net of short term liab.)	€M	211	300	318
Ordinary shareholders' equity	€M	230	248	266
Quasi Equity & Preferred	€M			
Minority interests	€M	0.00	0.00	0.00
Provisions for pensions	€M	16.4	14.6	14.8
Other provisions for risks and liabilities	€M	0.70	1.00	1.00
Total provisions for risks and liabilities	€M	17.1	15.6	15.8
Tax liabilities	€M	-30.3	-30.0	-30.0
Other liabilities	€M	3.10	5.00	5.00
Net debt (cash)	€M	-8.90	61.3	61.3
Total liab. and shareholders' equity	€M	211	300	318

Capital Employed

		12/17A	12/18E	12/19E
Capital employed after depreciation	€M	196	282	296

Profits & Risks Ratios

		12/17A	12/18E	12/19E
ROE (after tax)	%	11.0	13.0	14.9
ROCE	%	16.0	12.7	14.8
Gearing (at book value)	%	-2.24	10.6	23.0
Adj. Net debt/EBITDA(R)	x	0.05	1.19	0.98
Interest cover (x)	x	5.07	5.23	6.16

Valuation Ratios

		12/17A	12/18E	12/19E
Reference P/E (benchmark)	x	20.4	19.1	15.4
Free cash flow yield	%	3.09	3.05	4.93
P/Book	x	2.25	2.39	2.23
Dividend yield	%	2.70	2.76	3.15

EV Calculation

		12/17A	12/18E	12/19E
Market cap	€M	518	592	592
+ Provisions	€M	17.1	15.6	15.8
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-8.90	61.3	61.3
+ Leases debt equivalent	€M	11.9	11.9	11.9
- Financial fixed assets (fair value)	€M	16.0	16.0	16.0
+ Minority interests (fair value)	€M	4.00	4.00	4.00
= EV	€M	526	669	669
EV/EBITDA(R)	x	9.35	10.8	8.98
EV/Sales	x	0.99	1.18	1.02

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 29/06/2018.