



Chargeurs

Holding Companies / France

Adjusting our FY2020 expectations on COVID-19 impact

Carrying on with strategic acquisitions - 17/04/2020

Change in Target Price

€ 26.1 vs 29.9 **-12.8%**

The cut to our target price reflects the more challenging outlook brought by the COVID-19 outbreak, which is nonetheless mitigated by the quick-witted initiatives taken by management, such as the launch of a new business line focused on the development and production of personal protective equipment, as well as the continued acquired growth strategy.

Change in EPS

2020 : € 0.81 vs 1.28 **-36.9%**
2021 : € 1.44 vs 1.61 **-10.6%**

The lower FY19 EPS reflect the costs related to the ambitious acquired growth strategy pursued by Chargeurs. These non-recurring expenses weigh on the bottom line but underline the group's commitment to reach €1bn in consolidated revenues. On the EBIT front, the FY19 numbers reflect the challenging operating context, particularly for the Protective Films division, as well as the increased investments in the PCC Fashion Technologies division related to the new production facility that came online in H2.

We have cut our FY20 EPS on the back of the sizeable impact that the COVID-19 pandemic is expected to have on Chargeurs' activities. We forecast a 15% sales cut from the 2019 levels, to be partly off-set by the launch of the PPE business under the 'Lainière Santé' banner, in addition to €15m in additional revenues from the continued acquired growth strategy.

Change in NAV

€ 26.6 vs 31.1 **-14.6%**

Our estimated NAV remains quite conservative, as it assigns no value to the future acquired businesses while factoring in a (partial) purchase cost. The NAV is mainly affected due to the changes in the valuation of the different divisions, after taking into account the FY19 results and our FY20 outlook. We maintain our EV-multiple assumptions but lower our EBIT and EBITDA expectations, accounting for the COVID-19 impact.

Change in DCF

€ 33.8 vs 40.2 **-15.9%**

We maintain our base assumption which allows for a €100m capital increase, as well as our out-year sales and EBITDA growth rates. The cut to our DCF stems from: 1/ the decreased earnings expected in FY2020 due to the impact from the COVID-19 pandemic, in addition to our slightly more cautious scenario for FY2021, and 2/ the increased number of shares for the capital increase (from 4m to 5m) due to a lower expected issue price.



Jorge VELANDIA

otherfinancials@alphavalue.eu

+33 (0) 1 70 61 10 50

cs.alphavalue.com

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 : 44.0%

Target Price (6 months)	€ 26.1
Share Price	€ 18.1
Market Cap. €M	517
Price Momentum	GOOD
Extremes 12Months	8.71 ▶ 20.0
Bloomberg	CRI FP Equity
Reuters	CRIP.PA



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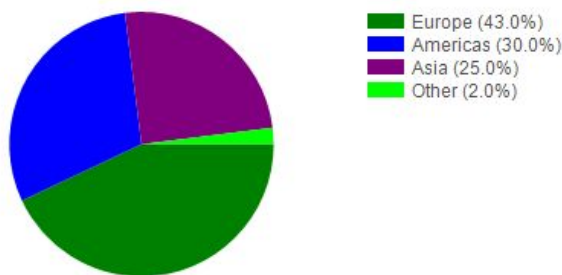


PERF	1w	1m	3m	12m
Chargeurs	6.22%	105%	-2.16%	-3.62%
Other financials	-3.51%	12.8%	-20.2%	-6.37%
SXXR Index	-2.04%	11.9%	-22.3%	-14.3%

Last updated: 17/04/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	27.5	22.3	12.6	11.7
Dividend yield (%)	4.14	4.70	4.97	5.25
EV/EBITDA(R) (x)	9.32	10.2	6.87	6.57
Adjusted EPS (€)	0.66	0.81	1.44	1.55
Growth in EPS (%)	-42.6	22.8	77.7	7.44
Dividend (€)	0.75	0.85	0.90	0.95
Sales (€M)	626	643	887	974
Underlying operat. profit ma...	6.61	6.35	8.43	8.84
Attributable net profit (€M)	15.1	20.3	39.5	42.4
ROE (after tax) (%)	6.42	6.93	10.7	10.4
Gearing (%)	51.9	38.8	38.8	47.7

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Sales by Geography



Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	€M	626	643	887
Change in sales	%	9.23	2.73	37.8
Change in staff costs	%	7.15	28.5	32.7
EBITDA	€M	60.0	60.6	97.2
EBITDA(R) margin	%	9.58	9.42	11.0
Depreciation	€M	-18.6	-19.7	-22.5
Underlying operating profit	€M	38.9	37.4	69.7
Operating profit (EBIT)	€M	31.9	30.4	61.7
Net financial expense	€M	-11.5	-12.8	-16.8
of which related to pensions	€M	-0.30	-0.14	-0.21
Exceptional items & other	€M			
Corporate tax	€M	-4.92	2.23	-5.98
Equity associates	€M	-0.40	0.50	0.50
Minority interests	€M	0.00	0.00	0.00
Adjusted attributable net profit	€M	15.1	20.3	39.5
NOPAT	€M	27.0	26.8	49.5

Cashflow Statement

		12/19A	12/20E	12/21E
EBITDA	€M	60.0	60.6	97.2
Change in WCR	€M	-13.3	-11.5	0.00
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	-3.30	2.23	-5.98
Exceptional items	€M			
Other operating cash flows	€M	-8.10	-8.00	-8.00
Total operating cash flows	€M	35.3	43.3	83.2
Capital expenditure	€M	-25.3	-17.0	-18.0
Total investment flows	€M	-34.7	-87.0	-88.0
Net interest expense	€M	-11.5	-12.8	-16.8
Dividends (parent company)	€M	-8.60	-17.6	-24.2
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	-9.80	100	0.00
Total financial flows	€M	-15.2	55.9	-50.5
Change in cash position	€M	-16.1	12.2	-55.3
Free cash flow (pre div.)	€M	-1.50	13.5	48.4

Per Share Data

		12/19A	12/20E	12/21E
No. of shares net of treas. stock (year...	Mio	22.7	27.4	27.4
Number of diluted shares (average)	Mio	22.8	25.1	27.4
Benchmark EPS	€	0.66	0.81	1.44
Restated NAV per share	€			
Net dividend per share	€	0.75	0.85	0.90

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 26.6	55%	● Ackermans & van H...
Dividend Yield	€ 27.5	20%	■ Wacker Chemie
DCF	€ 33.8	10%	■ AkzoNobel
P/E	€ 19.1	10%	■ Solvay
P/Book	€ 13.2	5%	● Bolloré
TARGET PRICE	€ 26.1	100%	■ GBL
			● Sonae
			■ Hal Trust

NAV/SOTP Calculation

Balance Sheet

		12/19A	12/20E	12/21E
Goodwill	€M	136	182	228
Total intangible	€M	173	220	266
Tangible fixed assets	€M	87.3	110	134
Financial fixed assets	€M	12.6	20.0	25.0
WCR	€M	48.5	60.0	60.0
Other assets	€M	31.6	32.0	35.0
Total assets (net of short term liab.)	€M	386	480	562
Ordinary shareholders' equity	€M	232	354	387
Quasi Equity & Preferred	€M			
Minority interests	€M	0.00	0.00	0.00
Provisions for pensions	€M	18.3	16.2	16.5
Other provisions for risks and liabilities	€M	0.40	0.50	0.50
Total provisions for risks and liabilities	€M	18.7	16.7	17.0
Tax liabilities	€M	-27.7	-30.0	-30.0
Other liabilities	€M	13.4	13.4	13.4
Net debt (cash)	€M	149	126	174
Total liab. and shareholders' equity	€M	386	480	562

Capital Employed

		12/19A	12/20E	12/21E
Capital employed after depreciation	€M	322	411	485

Profits & Risks Ratios

		12/19A	12/20E	12/21E
ROE (after tax)	%	6.42	6.93	10.7
ROCE	%	8.41	6.52	10.2
Gearing (at book value)	%	51.9	38.8	38.8
Adj. Net debt/EBITDA(R)	x	2.48	2.08	1.79
Interest cover (x)	x	3.47	2.95	4.20

Valuation Ratios

		12/19A	12/20E	12/21E
Reference P/E (benchmark)	x	27.5	22.3	12.6
Free cash flow yield	%	-0.36	2.72	9.77
P/Book	x	1.77	1.40	1.28
Dividend yield	%	4.14	4.70	4.97

EV Calculation

		12/19A	12/20E	12/21E
Market cap	€M	411	496	496
+ Provisions	€M	18.7	16.7	17.0
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	149	126	174
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M	19.3	19.3	19.3
+ Minority interests (fair value)	€M	0.00	0.00	0.00
= EV	€M	559	619	668
EV/EBITDA(R)	x	9.32	10.2	6.87
EV/Sales	x	0.89	0.96	0.75

Analyst : Jorge Velandia, Changes to Forecasts : 17/04/2020.