



Chargeurs

Holding Companies / France

2025 objectives raise organic growth ambitions

20/04/2021

Change in EPS

2021 : € 0.68 vs 0.78	-13.1%
2022 : € 1.07 vs 1.04	+2.91%

We have revised our earnings expectations after incorporating the FY20 figures and rolling forward our estimates through to 2023. The FY21 EPS forecast sees a slight decline due to a more gradual recovery at CFT-PCC, with the fast-fashion market still in a weakened state due to the sanitary and economic crisis. Based on this, the FY21 margin stands at 5.5% versus 6.2% previously. Meanwhile, Protective Films should bounce back to 2019 margin levels by H1 22, and reach 10.0% by 2023, driven by strong pricing and improved mix towards higher-end products.

For Healthcare Solutions, we expect revenues to decline to a normalised level of c.€85m in FY21-22 as the demand for PPE tapers off with no 'shortage scenarios' in sight as the pandemic is brought under control by the current vaccination efforts. With the available offer, pricing should also normalise which leads to a lower recurring operating income margin of 12.7% compared to 20.9% in FY20. CHS is still a remarkable asset that has helped the group leapfrog its diversification ambitions; organic expansion and potential acquisitions in the "Wellness" space should help the division reach €113m in revenues by 2023, with a strong 13.9% recurring operating margin.

Change in NAV

€ 34.4 vs 31.9	+7.90%
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The valuation of Chargeurs' business lines have been updated based on the revised forward-looking EBIT and EBITDA figures, aligned with the profitability targets presented in the new "Leap Forward 2025" strategic plan.

This is mainly led by Protective Films (accounting for 51% of gross assets), with a 7.7% value increase to €481m, based on higher forward looking EBITDA. The decrease in the group's net debt position used for the computation of our NAV/SOTP also contributed to the valuation upgrade, falling from €166m to €126.7m at the close of December 2020.



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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 : 30.1%

Target Price (6 months)	€ 30.0
Share Price	€ 23.0
Market Cap. €M	561
Price Momentum	STRONG
Extremes 12Months	12.4 ▶ 23.7
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

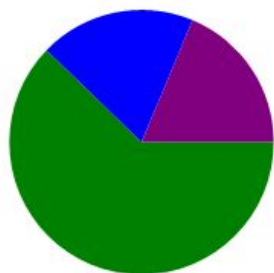

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PERF	1w	1m	3m	12m
Chargeurs	-2.95%	10.3%	25.9%	45.9%
Other financials	1.92%	6.12%	9.12%	45.5%
SXXR Index	1.72%	4.78%	9.12%	35.5%

Last updated: 20/04/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	9.00	34.1	21.6	16.2
Dividend yield (%)	8.34	2.17	2.82	3.26
EV/EBITDA(R) (x)	5.48	12.3	10.2	7.89
Adjusted EPS (€)	1.76	0.68	1.07	1.42
Growth in EPS (%)	167	-61.6	57.9	32.9
Dividend (€)	1.32	0.50	0.65	0.75
Sales (€M)	822	651	714	816
Underlying operat. profit ma...	9.65	6.18	7.12	8.50
Attributable net profit (€M)	41.0	15.7	25.0	33.4
ROE (after tax) (%)	17.5	6.97	11.0	12.9
Gearing (%)	75.7	101	88.0	70.3

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Sales by Geography



■ Europe (62.2%)
■ Americas (19.1%)
■ Asia (18.7%)

Consolidated P&L Accounts

		12/20A	12/21E	12/22E
Sales	€M	822	651	714
Change in sales	%	31.3	-20.8	9.71
Change in staff costs	%	5.36	9.75	7.31
EBITDA	€M	102	60.0	72.2
EBITDA(R) margin	%	12.5	9.22	10.1
Depreciation	€M	-20.6	-20.8	-19.9
Underlying operating profit	€M	79.3	35.9	48.8
Operating profit (EBIT)	€M	55.8	27.9	40.8
Net financial expense	€M	-9.50	-10.5	-11.0
of which related to pensions	€M	-0.30	-0.20	-0.28
Exceptional items & other	€M			
Corporate tax	€M	-4.30	-2.22	-5.34
Equity associates	€M	-1.70	0.50	0.50
Minority interests	€M	0.70	0.00	0.00
Adjusted attributable net profit	€M	40.3	15.7	25.0
NOPAT	€M	54.0	25.8	34.9

Cashflow Statement

		12/20A	12/21E	12/22E
EBITDA	€M	102	60.0	72.2
Change in WCR	€M	2.60	2.78	-0.20
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	-6.40	-2.22	-5.34
Exceptional items	€M			
Other operating cash flows	€M	-14.6	-8.00	-8.00
Total operating cash flows	€M	84.0	52.6	58.7
Capital expenditure	€M	-14.9	-16.5	-17.3
Total investment flows	€M	-76.9	-26.5	-27.3
Net interest expense	€M	-9.50	-10.5	-11.0
Dividends (parent company)	€M	-5.90	-18.8	-6.61
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	-0.10	0.00	0.00
Total financial flows	€M	111	-50.4	-46.6
Change in cash position	€M	115	-24.4	-15.3
Free cash flow (pre div.)	€M	59.6	25.6	30.4

Per Share Data

		12/20A	12/21E	12/22E
No. of shares net of treas. stock (year...	Mio	23.1	23.3	23.5
Number of diluted shares (average)	Mio	22.9	23.2	23.4
Benchmark EPS	€	1.76	0.68	1.07
Restated NAV per share	€			
Net dividend per share	€	1.32	0.50	0.65

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 34.4	55%	■ Ackermans & van H... ■ Wacker Chemie ■ AkzoNobel ■ Solvay ■ Bolloré ■ GBL ■ Sonae ■ Hal Trust
Dividend Yield	€ 25.4	20%	
DCF	€ 34.6	10%	
P/E	€ 17.8	10%	
P/Book	€ 14.5	5%	
TARGET PRICE	€ 30.0	100%	

NAV/SOTP Calculation

Balance Sheet

		12/20A	12/21E	12/22E
Goodwill	€M	191	197	204
Total intangible	€M	229	235	242
Tangible fixed assets	€M	83.1	90.1	97.1
Financial fixed assets	€M	7.00	7.00	7.00
WCR	€M	19.6	16.8	17.0
Other assets	€M	71.4	35.0	37.0
Total assets (net of short term liab.)	€M	456	431	448
Ordinary shareholders' equity	€M	237	213	240
Quasi Equity & Preferred	€M			
Minority interests	€M	-0.80	0.00	0.00
Provisions for pensions	€M	16.8	18.2	18.4
Other provisions for risks and liabilities	€M	0.40	0.40	0.40
Total provisions for risks and liabilities	€M	17.2	18.6	18.8
Tax liabilities	€M	-30.5	-30.0	-30.0
Other liabilities	€M	22.2	13.4	13.4
Net debt (cash)	€M	211	217	206
Total liab. and shareholders' equity	€M	456	431	448

Capital Employed

		12/20A	12/21E	12/22E
Capital employed after depreciation	€M	377	388	403

Profits & Risks Ratios

		12/20A	12/21E	12/22E
ROE (after tax)	%	17.5	6.97	11.0
ROCE	%	14.3	6.64	8.66
Gearing (at book value)	%	75.7	101	88.0
Adj. Net debt/EBITDA(R)	x	2.43	4.26	3.40
Interest cover (x)	x	8.62	3.49	4.55

Valuation Ratios

		12/20A	12/21E	12/22E
Reference P/E (benchmark)	x	9.00	34.1	21.6
Free cash flow yield	%	16.3	4.76	5.62
P/Book	x	1.54	2.53	2.25
Dividend yield	%	8.34	2.17	2.82

EV Calculation

		12/20A	12/21E	12/22E
Market cap	€M	366	537	541
+ Provisions	€M	17.2	18.6	18.8
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	173	178	166
+ Leases debt equivalent	€M	38.1	38.9	39.6
- Financial fixed assets (fair value)	€M	32.3	32.3	32.3
+ Minority interests (fair value)	€M	0.00	0.00	0.00
= EV	€M	562	740	733
EV/EBITDA(R)	x	5.48	12.3	10.2
EV/Sales	x	0.68	1.14	1.03

Analyst : Jorge Velandia, Changes to Forecasts : 20/04/2021.