



# Chargeurs

Holding Companies / France



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## Preliminary 2016 strong delivery and upgrade to DCF

Chargeurs reshaped - 31/01/2017

### Change in Target Price

€ 20.3 vs 20.3 **0.00%**

We have only marginally tweaked 2017 and 2018 EPS expectations on the back of a confirmed excellent 2016. The DCF update is more substantial but is due to tax adjustments (see relevant section).

### Change in DCF

€ 18.4 vs 18.4 **0.00%**

Chargeurs' "hidden wealth" is made of a very large inventory of tax loss carry forwards that we account for as a very low tax rate in DCF out-year projections reverting to a normal tax rate. We have lowered the pace at which this reversion occurs as it otherwise meant an implied 2022 50% tax rate instead of 33%.

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.

Add	Upside : 10.8%
Target Price (6 months)	€ 20.3
Share Price	€ 18.3
Market Capitalisation €M	422
Price Momentum	<b>STRONG</b>
Extremes 12Months	7.14 ▶ 18.3
Newsflow	Neutral
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

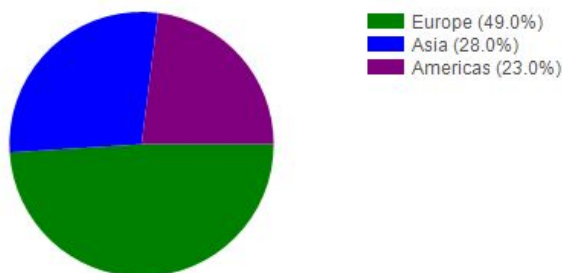
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PERF	1w	1m	3m	12m
Chargeurs	4.81%	14.6%	16.5%	126%
Other financials	1.44%	3.20%	6.59%	12.8%
SXXR Index	0.44%	0.36%	6.69%	9.05%

Last updated: 31/01/2017	12/14A	12/15A	12/16E	12/17E
Adjusted P/E (x)	8.96	9.61	8.73	13.0
Dividend yield (%)	4.08	4.50	3.37	2.35
EV/EBITDA(R) (x)	3.18	3.37	4.46	6.84
Adjusted EPS (€)	0.55	0.69	1.22	1.40
Growth in EPS (%)	48.2	26.9	76.1	14.7
Dividend (€)	0.20	0.30	0.36	0.43
Sales (€M)	478	499	506	533
Underlying operat. profit ma...	4.79	6.13	7.60	8.18
Attributable net profit (€M)	11.4	15.3	28.1	32.2
ROE (after tax) (%)	6.25	7.41	12.4	13.2
Gearing (%)	-3.04	-7.43	-13.1	-19.2

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

## Sales by Geography



## Consolidated P&L Accounts

	12/15A	12/16E	12/17E
Sales	€M 499	506	533
Change in sales	% 4.33	1.48	5.23
Change in staff costs	% 8.79	6.10	4.14
EBITDA	€M 40.4	48.5	53.6
<b>EBITDA(R) margin</b>	<b>% 8.10</b>	<b>9.58</b>	<b>10.1</b>
Depreciation	€M -9.70	-10.0	-10.0
Underlying operating profit	€M 30.6	38.5	43.6
<b>Operating profit (EBIT)</b>	<b>€M 24.0</b>	<b>35.5</b>	<b>42.6</b>
Net financial expense	€M -5.30	-0.60	-4.10
of which related to pensions	€M -0.30	-0.12	-0.24
Exceptional items & other	€M		
Corporate tax	€M 7.50	-5.41	-6.60
Equity associates	€M -10.7	-1.20	0.50
Minority interests	€M -0.20	-0.20	-0.20
<b>Adjusted attributable net profit</b>	<b>€M 15.3</b>	<b>28.1</b>	<b>32.2</b>
NOPAT	€M 10.9	25.8	31.2

## Cashflow Statement

	12/15A	12/16E	12/17E
EBITDA	€M 40.4	48.5	53.6
Change in WCR	€M 8.00	-1.90	6.00
Actual div. received from equity holdi...	€M 0.30	0.50	0.50
Paid taxes	€M -5.90	-5.41	-6.60
Exceptional items	€M 0.00	0.00	
Other operating cash flows	€M -11.0	-5.00	-5.00
Total operating cash flows	€M 31.8	36.7	48.5
Capital expenditure	€M -12.9	-12.0	-13.0
Total investment flows	€M -12.9	-15.0	-16.0
Net interest expense	€M -5.30	-0.60	-4.10
Dividends (parent company)	€M -3.20	-6.20	-8.28
Dividends to minorities interests	€M 0.00	0.00	0.00
New shareholders' equity	€M 0.00	0.00	0.00
Total financial flows	€M -5.50	-11.3	2.86
Change in cash position	€M 11.4	10.4	35.4
<b>Free cash flow (pre div.)</b>	<b>€M 13.6</b>	<b>24.1</b>	<b>31.4</b>

## Per Share Data

	12/15A	12/16E	12/17E
No. of shares net of treas. stock (year...)	Mio 23.0	23.0	23.0
Number of diluted shares (average)	Mio 23.0	23.0	23.0
<b>Benchmark EPS</b>	<b>€ 0.69</b>	<b>1.22</b>	<b>1.40</b>
Restated NAV per share	€		
<b>Net dividend per share</b>	<b>€ 0.30</b>	<b>0.36</b>	<b>0.43</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 22.6	55%	■ Akzo Nobel
Dividend Yield	€ 13.6	20%	■ Solvay
DCF	€ 18.4	10%	■ Wendel
P/E	€ 25.4	10%	■ Bolloré
P/Book	€ 15.1	5%	■ GBL
TARGET PRICE	€ 20.3	100%	■ Sonae
			■ Hal Trust
			■ Eurazeo

### NAV/SOTP Calculation

## Balance Sheet

	12/15A	12/16E	12/17E
Goodwill	€M 76.7	76.0	76.0
Total intangible	€M 78.5	78.0	78.0
Tangible fixed assets	€M 55.9	57.0	60.0
Financial fixed assets	€M 18.1	19.0	19.0
WCR	€M 16.1	18.0	12.0
Other assets	€M 24.9	30.0	30.0
Total assets (net of short term liab.)	€M 196	207	204
<b>Ordinary shareholders' equity</b>	<b>€M 219</b>	<b>235</b>	<b>253</b>
Quasi Equity & Preferred	€M		
Minority interests	€M 3.10	5.00	5.00
Provisions for pensions	€M 14.6	16.2	16.1
Other provisions for risks and liabilities	€M 0.70	1.00	1.00
Total provisions for risks and liabilities	€M 15.3	17.2	17.1
Tax liabilities	€M -27.1	-23.0	-23.0
Other liabilities	€M 8.80	11.0	11.0
<b>Net debt (cash)</b>	<b>€M -23.3</b>	<b>-38.3</b>	<b>-58.6</b>
Total liab. and shareholders' equity	€M 196	207	204

## Capital Employed

	12/15A	12/16E	12/17E
Capital employed after depreciation	€M 173	176	169

## Profits & Risks Ratios

	12/15A	12/16E	12/17E
<b>ROE (after tax)</b>	<b>% 7.41</b>	<b>12.4</b>	<b>13.2</b>
ROCE	% 6.33	14.7	18.5
<b>Gearing (at book value)</b>	<b>% -7.43</b>	<b>-13.1</b>	<b>-19.2</b>
Adj. Net debt/EBITDA(R)	x -0.48	-0.71	-1.09
Interest cover (x)	x 6.12	79.3	11.3

## Valuation Ratios

	12/15A	12/16E	12/17E
<b>Reference P/E (benchmark)</b>	<b>x 9.61</b>	<b>8.73</b>	<b>13.0</b>
Free cash flow yield	% 8.88	9.82	7.48
P/Book	x 0.70	1.04	1.66
<b>Dividend yield</b>	<b>% 4.50</b>	<b>3.37</b>	<b>2.35</b>

## EV Calculation

	12/15A	12/16E	12/17E
Market cap	€M 153	245	420
+ Provisions	€M 15.3	17.2	17.1
+ Unrecognised actuarial losses/(gains)	€M 0.00	0.00	0.00
+ Net debt at year end	€M -23.3	-38.3	-58.6
+ Leases debt equivalent	€M 4.00	4.00	0.01
- Financial fixed assets (fair value)	€M 16.0	16.0	16.0
+ Minority interests (fair value)	€M 3.10	4.00	4.00
= EV	€M 136	216	366
<b>EV/EBITDA(R)</b>	<b>x 3.37</b>	<b>4.46</b>	<b>6.84</b>
EV/Sales	x 0.27	0.43	0.69

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 31/01/2017.