



Chargeurs

Holding Companies / France



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Strong cash flow invested in growth

Re-energised Chargeurs - 11/09/2017

Change in Target Price

€ 25.3 vs 25.2 **+0.41%**

In spite of a strong delivery over H1, mostly on the Protective Film side, we leave our target price essentially unchanged as Chargeurs invests in faster growth at today's expense.

Change in EPS

2017 : € 1.37 vs 1.54 **-10.8%**
 2018 : € 1.53 vs 1.59 **-3.57%**

We trim our 2017 EPS to allow for more spending on growth in businesses such as Fashion Technologies. The over-financing to prepare for acquisitions also has an immediate opportunity cost.

Change in DCF

€ 28.7 vs 23.9 **+19.8%**

The DCF metrics do not matter so much when valuing Chargeurs as we (still) look at it primarily as a holding company. But, longer term, more ambitious growth mechanically has a positive impact (excluding acquisitions).

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.

Reduce

Upside : 5.29%

Target Price (6 months)	€ 25.3
Share Price	€ 24.0
Market Cap. €M	554
Price Momentum	GOOD
Extremes 12Months	11.7 ▶ 26.7
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

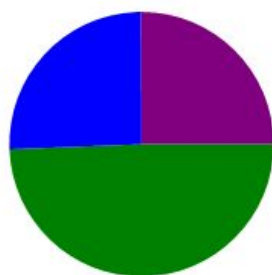
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PERF	1w	1m	3m	12m
Chargeurs	-3.50%	-3.65%	-3.11%	106%
Other financials	-0.41%	-0.81%	-1.15%	20.9%
SXXR Index	-0.14%	-0.91%	-3.09%	10.4%

Last updated: 11/09/2017	12/15A	12/16A	12/17E	12/18E
Adjusted P/E (x)	9.61	9.81	17.5	15.7
Dividend yield (%)	4.50	5.15	2.91	3.33
EV/EBITDA(R) (x)	3.37	5.18	10.1	8.93
Adjusted EPS (€)	0.69	1.09	1.37	1.53
Growth in EPS (%)	26.9	56.8	26.0	11.6
Dividend (€)	0.30	0.55	0.70	0.80
Sales (€M)	499	506	552	577
Underlying operat. profit ma...	6.13	8.06	8.00	8.65
Attributable net profit (€M)	15.3	25.0	31.7	35.5
ROE (after tax) (%)	7.41	11.2	13.4	14.0
Gearing (%)	-7.43	-5.43	-3.30	-6.88

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Sales by Geography



■ Europe (49.4%)
■ Asia (25.6%)
■ Americas (25.1%)

Consolidated P&L Accounts

		12/16A	12/17E	12/18E
Sales	€M	506	552	577
Change in sales	%	1.48	9.00	4.56
Change in staff costs	%	1.43	2.88	3.57
EBITDA	€M	48.8	55.2	61.4
EBITDA(R) margin	%	9.64	9.99	10.6
Depreciation	€M	-9.90	-11.0	-11.5
Underlying operating profit	€M	38.9	44.2	49.9
Operating profit (EBIT)	€M	33.9	43.2	48.9
Net financial expense	€M	-2.00	-7.10	-7.10
of which related to pensions	€M	-0.40	-0.08	-0.10
Exceptional items & other	€M			
Corporate tax	€M	-4.90	-4.90	-6.80
Equity associates	€M	-2.00	0.50	0.50
Minority interests	€M	0.00	0.00	0.00
Adjusted attributable net profit	€M	25.0	31.7	35.5
NOPAT	€M	24.9	31.5	35.5

Cashflow Statement

		12/16A	12/17E	12/18E
EBITDA	€M	48.8	55.2	61.4
Change in WCR	€M	0.80	-0.30	0.00
Actual div. received from equity holdi...	€M	0.30	0.50	0.50
Paid taxes	€M	-8.00	-4.90	-6.80
Exceptional items	€M	0.00		
Other operating cash flows	€M	-8.00	-5.00	-5.00
Total operating cash flows	€M	33.9	45.5	50.1
Capital expenditure	€M	-10.8	-11.0	-14.0
Total investment flows	€M	-31.4	-14.0	-17.0
Net interest expense	€M	-2.00	-7.10	-7.10
Dividends (parent company)	€M	-11.5	-12.7	-16.1
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	0.00	4.50	0.00
Total financial flows	€M	59.9	-26.2	-34.1
Change in cash position	€M	56.4	5.29	-0.98
Free cash flow (pre div.)	€M	21.1	27.4	29.0

Per Share Data

		12/16A	12/17E	12/18E
No. of shares net of treas. stock (year...	Mio	23.0	23.2	23.2
Number of diluted shares (average)	Mio	23.0	23.1	23.2
Benchmark EPS	€	1.09	1.37	1.53
Restated NAV per share	€			
Net dividend per share	€	0.55	0.70	0.80

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 25.5	55%	■ Akzo Nobel
Dividend Yield	€ 23.9	20%	■ Solvay
DCF	€ 28.7	10%	■ Wendel
P/E	€ 28.7	10%	■ Bolloré
P/Book	€ 14.8	5%	■ GBL
TARGET PRICE	€ 25.3	100%	■ Sonae
			■ Hal Trust
			■ Eurazeo

NAV/SOTP Calculation

Balance Sheet

		12/16A	12/17E	12/18E
Goodwill	€M	90.1	92.0	95.0
Total intangible	€M	92.1	94.0	97.0
Tangible fixed assets	€M	61.8	66.0	72.0
Financial fixed assets	€M	14.9	16.0	18.0
WCR	€M	21.7	22.0	22.0
Other assets	€M	23.8	27.0	29.0
Total assets (net of short term liab.)	€M	217	229	243
Ordinary shareholders' equity	€M	227	244	265
Quasi Equity & Preferred	€M			
Minority interests	€M	0.00	0.00	0.00
Provisions for pensions	€M	16.7	15.0	15.0
Other provisions for risks and liabilities	€M	0.50	10.0	10.0
Total provisions for risks and liabilities	€M	17.2	25.0	25.0
Tax liabilities	€M	-29.0	-30.0	-30.0
Other liabilities	€M	3.10	5.00	5.00
Net debt (cash)	€M	-1.40	-14.7	-21.7
Total liab. and shareholders' equity	€M	217	229	243

Capital Employed

		12/16A	12/17E	12/18E
Capital employed after depreciation	€M	195	198	209

Profits & Risks Ratios

		12/16A	12/17E	12/18E
ROE (after tax)	%	11.2	13.4	14.0
ROCE	%	12.8	15.9	17.0
Gearing (at book value)	%	-5.43	-3.30	-6.88
Adj. Net debt/EBITDA(R)	x	0.05	-0.27	-0.35
Interest cover (x)	x	24.3	6.29	7.13

Valuation Ratios

		12/16A	12/17E	12/18E
Reference P/E (benchmark)	x	9.81	17.5	15.7
Free cash flow yield	%	8.60	4.91	5.21
P/Book	x	1.08	2.29	2.11
Dividend yield	%	5.15	2.91	3.33

EV Calculation

		12/16A	12/17E	12/18E
Market cap	€M	245	557	557
+ Provisions	€M	17.2	25.0	25.0
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	-1.40	-14.7	-21.7
+ Leases debt equivalent	€M	4.00	0.01	0.01
- 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	253	556	549
EV/EBITDA(R)	x	5.18	10.1	8.93
EV/Sales	x	0.50	1.01	0.95

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 11/09/2017.