



# Chargeurs

Holding Companies / France

## Fine-tuning for Protective Films' challenging dynamic in H1

Now in acquisition mode - 23/09/2019

### Change in EPS

2019 : € 0.87 vs 1.21	-27.7%
2020 : € 1.28 vs 1.68	-23.9%

Our EPS estimates decreased on the back of a downward adjustment in our turnover and operating profit forecasts for the Protective Films division. This is to account for the lower demand in Germany and China in H1, which also weighed on profitability as these markets exhibit particularly high margins in this activity. While we expect a steady recovery over the course of H2 and the start of 2020, this negative blip in demand has had an effect on overall profitability given the important contribution of the Protective Films division to the group's earnings.

### Change in DCF

€ 38.5 vs 41.0	-6.25%
----------------	--------

Our DCF valuation is impacted by our lower earnings forecasts for 2019-20, due to the challenging market dynamics for the Protective Films division, as explained in our EPS change comment. This, however, has a marginal impact on our target price which is dominated by a NAV/SOTP-based valuation which is hardly swayed by quarterly revenues.



**Jorge VELANDIA**

[otherfinancials@alphavalue.eu](mailto:otherfinancials@alphavalue.eu)

+33 (0) 1 70 61 10 50

[cs.alphavalue.com](http://cs.alphavalue.com)

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.

<b>Buy</b>	<b>Upside : 75.7%</b>
Target Price (6 months)	€ 30.0
Share Price	€ 17.1
Market Cap. €M	394
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	14.5 ▶ 22.0
Bloomberg	CRI FP Equity
Reuters	CRIP.PA



[Download Full Analysis](#)

[Company Page](#)

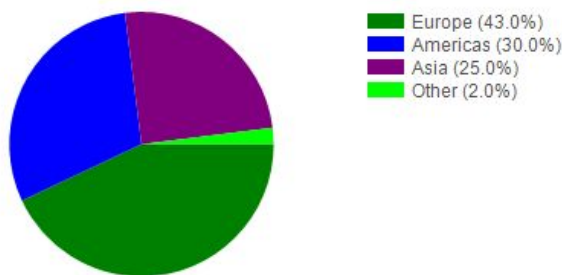


PERF	1w	1m	3m	12m
Chargeurs	-1.57%	5.40%	-6.48%	-21.9%
Other financials	-0.13%	3.61%	5.88%	14.2%
SXXR Index	0.31%	4.67%	2.24%	5.78%

Last updated: 23/09/2019	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	19.2	19.5	13.3	10.7
Dividend yield (%)	3.05	4.40	4.98	5.28
EV/EBITDA(R) (x)	10.1	9.41	7.48	6.27
Adjusted EPS (€)	1.15	0.87	1.28	1.60
Growth in EPS (%)	5.33	-23.8	46.3	25.0
Dividend (€)	0.67	0.75	0.85	0.90
Sales (€M)	573	630	775	965
Underlying operat. profit ma...	8.55	7.56	8.38	8.91
Attributable net profit (€M)	26.6	20.1	31.9	43.1
ROE (after tax) (%)	11.4	8.16	10.1	10.9
Gearing (%)	17.6	51.7	39.5	35.8

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

## Sales by Geography



## Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	€M	573	630	775
Change in sales	%	7.56	9.81	23.0
Change in staff costs	%	33.9	11.5	20.4
EBITDA	€M	59.8	60.6	79.9
<b>EBITDA(R) margin</b>	%	<b>10.4</b>	<b>9.62</b>	<b>10.3</b>
Depreciation	€M	-10.8	-13.0	-15.0
Underlying operating profit	€M	48.1	44.9	61.4
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>42.2</b>	<b>33.9</b>	<b>49.4</b>
Net financial expense	€M	-10.6	-12.5	-15.3
of which related to pensions	€M	-0.30	-0.14	-0.22
Exceptional items & other	€M			
Corporate tax	€M	-5.08	-1.77	-2.74
Equity associates	€M	0.10	0.50	0.50
Minority interests	€M	0.00	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>26.6</b>	<b>20.1</b>	<b>31.9</b>
NOPAT	€M	34.0	32.0	43.6

## Cashflow Statement

		12/18A	12/19E	12/20E
EBITDA	€M	59.8	60.6	79.9
Change in WCR	€M	-22.5	-13.3	-5.00
Actual div. received from equity holdi...	€M	0.00	0.50	0.50
Paid taxes	€M	-6.00	-1.77	-2.74
Exceptional items	€M			
Other operating cash flows	€M	-8.40	-5.00	-5.00
Total operating cash flows	€M	22.9	41.0	67.7
Capital expenditure	€M	-24.3	-20.0	-17.0
Total investment flows	€M	-90.3	-90.0	-87.0
Net interest expense	€M	-10.6	-12.5	-15.3
Dividends (parent company)	€M	-10.8	-15.6	-17.5
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	-10.2	0.00	100
Total financial flows	€M	-42.6	-38.3	62.4
Change in cash position	€M	-110	-87.3	43.1
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-12.0</b>	<b>8.51</b>	<b>35.4</b>

## Per Share Data

		12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...	Mio	23.1	23.0	27.0
Number of diluted shares (average)	Mio	23.2	23.0	25.0
<b>Benchmark EPS</b>	<b>€</b>	<b>1.15</b>	<b>0.87</b>	<b>1.28</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.67</b>	<b>0.75</b>	<b>0.85</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 29.6	55%	● Ackermans & van H...
Dividend Yield	€ 31.5	20%	■ Wacker Chemie
DCF	€ 38.5	10%	■ Akzo Nobel
P/E	€ 26.6	10%	■ Solvay
P/Book	€ 17.9	5%	■ Bolloré
TARGET PRICE	€ 30.0	100%	● GBL
			● Sonae
			■ Hal Trust

### NAV/SOTP Calculation

## Balance Sheet

		12/18A	12/19E	12/20E
Goodwill	€M	128	202	248
Total intangible	€M	158	204	250
Tangible fixed assets	€M	80.7	113	136
Financial fixed assets	€M	13.1	15.0	20.0
WCR	€M	41.7	55.0	60.0
Other assets	€M	23.0	30.0	32.0
Total assets (net of short term liab.)	€M	324	421	504
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>237</b>	<b>256</b>	<b>379</b>
Quasi Equity & Preferred	€M			
Minority interests	€M	0.00	0.00	0.00
Provisions for pensions	€M	17.4	17.6	17.8
Other provisions for risks and liabilities	€M	0.50	1.00	5.00
Total provisions for risks and liabilities	€M	17.9	18.6	22.8
Tax liabilities	€M	-27.2	-30.0	-30.0
Other liabilities	€M	3.50	5.00	5.00
<b>Net debt (cash)</b>	<b>€M</b>	<b>92.2</b>	<b>172</b>	<b>127</b>
Total liab. and shareholders' equity	€M	324	421	504

## Capital Employed

		12/18A	12/19E	12/20E
Capital employed after depreciation	€M	294	387	467

## Profits & Risks Ratios

		12/18A	12/19E	12/20E
<b>ROE (after tax)</b>	%	<b>11.4</b>	<b>8.16</b>	<b>10.1</b>
ROCE	%	11.6	8.27	9.35
<b>Gearing (at book value)</b>	%	<b>17.6</b>	<b>51.7</b>	<b>39.5</b>
Adj. Net debt/EBITDA(R)	x	1.54	2.84	1.59
Interest cover (x)	x	4.67	3.67	4.11

## Valuation Ratios

		12/18A	12/19E	12/20E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>19.2</b>	<b>19.5</b>	<b>13.3</b>
Free cash flow yield	%	-2.36	2.17	7.70
P/Book	x	2.14	1.53	1.21
<b>Dividend yield</b>	%	<b>3.05</b>	<b>4.40</b>	<b>4.98</b>

## EV Calculation

		12/18A	12/19E	12/20E
Market cap	€M	508	392	460
+ Provisions	€M	17.9	18.6	22.8
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	92.2	172	127
+ Leases debt equivalent	€M	0.00	0.00	0.00
- 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	606	570	598
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>10.1</b>	<b>9.41</b>	<b>7.48</b>
EV/Sales	x	1.06	0.91	0.77

Analyst : Jorge Velandia, Changes to Forecasts : 23/09/2019.