



Chargeurs

Holding Companies / France

Pricing acquired growth

Now in acquisition mode - 21/03/2019

Change in Target Price

€ 30.1 vs 31.1	-3.36%
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The target price's slight erosion is the net of near-term earnings downgrades (costs associated with acquisitions including opex and slower top-line growth) and the projected benefits of a successful deployment of the said external growth strategy. The fast growth plans are now allowed for in the prospective P&L and balance sheets as Chargeurs has been fairly accurate about its 2021 objective in top-line terms (€1bn in revenues).

Change in EPS

2019 : € 1.21 vs 1.65	-26.6%
2020 : € 1.68 vs 1.77	-5.37%

While 2018 EBIT developments were up to scratch, below the line friction costs associated with an acquisition-based expansion strategy started to bite. The 2019 EPS downgrade reflects the same continuing friction costs plus a more cautious macro view of top-line growth and operating margins, most notably on the group's cash cow ("Protective Films"). From 2020, we allow for additional acquired growth, a €100m capital increase and higher debt to try and gauge the impact of ambitious acquisition projects aimed at reaching €1bn in consolidated revenues.

Change in NAV

€ 29.8 vs 30.7	-2.71%
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The NAV combines a resetting of the valuation of various businesses to higher market levels and forward-looking higher net debt with a quasi-zero net impact. This assumes that we give no value to the future acquired businesses for the time being while having a partial purchase cost.

Change in DCF

€ 40.2 vs 36.1	+11.4%
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As out-years start from 2022, i.e. after an acquisition spree of value-enhancing businesses, the DCF is mechanically positively impacted even though we have allowed for an expanded number of shares (€100m rights issue).



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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.

Buy Upside : 52.5%

Target Price (6 months)	€ 30.1
Share Price	€ 19.7
Market Cap. €M	456
Price Momentum	GOOD
Extremes 12Months	15.0 ▶ 25.8
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

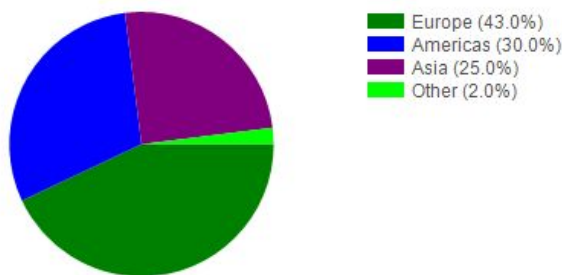

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PERF	1w	1m	3m	12m
Chargeurs	-3.28%	-6.14%	25.3%	-20.0%
Other financials	1.29%	4.12%	14.7%	2.12%
SXXR Index	1.44%	3.34%	13.8%	4.33%

Last updated: 21/03/2019	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	19.8	16.3	11.8	9.94
Dividend yield (%)	2.95	3.80	4.31	4.56
EV/EBITDA(R) (x)	10.4	9.27	7.40	6.31
Adjusted EPS (€)	1.15	1.21	1.68	1.99
Growth in EPS (%)	5.14	5.50	39.0	18.3
Dividend (€)	0.67	0.75	0.85	0.90
Sales (€M)	573	656	833	1,007
Underlying operat. profit ma...	8.55	8.27	8.91	9.49
Attributable net profit (€M)	26.6	27.8	41.9	53.5
ROE (after tax) (%)	11.4	11.1	12.9	13.2
Gearing (%)	17.6	48.9	36.6	33.1

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Sales by Geography



Consolidated P&L Accounts

	12/18A	12/19E	12/20E
Sales	€M 573	656	833
Change in sales	% 7.56	14.4	27.0
Change in staff costs	% 33.9	12.2	21.1
EBITDA	€M 59.8	67.3	89.2
EBITDA(R) margin	% 10.4	10.3	10.7
Depreciation	€M -10.8	-13.0	-15.0
Underlying operating profit	€M 48.1	51.6	70.7
Operating profit (EBIT)	€M 42.2	45.6	63.7
Net financial expense	€M -10.6	-12.5	-15.3
of which related to pensions	€M	-0.13	-0.18
Exceptional items & other	€M		
Corporate tax	€M -5.13	-5.74	-7.02
Equity associates	€M 0.10	0.50	0.50
Minority interests	€M 0.00	0.00	0.00
Adjusted attributable net profit	€M 26.6	27.8	41.9
NOPAT	€M 33.8	36.7	50.1

Cashflow Statement

	12/18A	12/19E	12/20E
EBITDA	€M 59.8	67.3	89.2
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	-5.74	-7.02
Exceptional items	€M		
Other operating cash flows	€M -8.40	-5.00	-5.00
Total operating cash flows	€M 22.9	43.7	72.7
Capital expenditure	€M -24.3	-16.0	-20.0
Total investment flows	€M -89.6	-86.0	-90.0
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 -11.6	0.00	100
Total financial flows	€M -43.1	-39.0	42.4
Change in cash position	€M -110	-81.3	25.1
Free cash flow (pre div.)	€M -12.0	15.2	37.4

Per Share Data

		23.1	23.0	27.0
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
Benchmark EPS	€	1.15	1.21	1.68
Restated NAV per share	€			
Net dividend per share	€	0.67	0.75	0.85

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 29.8	55%	■ Ackermans & van H...
Dividend Yield	€ 28.3	20%	■ Wacker Chemie
DCF	€ 40.2	10%	● Akzo Nobel
P/E	€ 31.6	10%	■ Solvay
P/Book	€ 16.9	5%	■ Bolloré
TARGET PRICE	€ 30.1	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
Ordinary shareholders' equity	€M 237	263	388
Quasi Equity & Preferred	€M		
Minority interests	€M 0.00	0.00	0.00
Provisions for pensions	€M 17.4	16.4	17.2
Other provisions for risks and liabilities	€M 0.50	1.00	5.00
Total provisions for risks and liabilities	€M 17.9	17.4	22.2
Tax liabilities	€M -27.2	-30.0	-30.0
Other liabilities	€M 3.50	5.00	5.00
Net debt (cash)	€M 92.2	165	118
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

		11.4	11.1	12.9
ROE (after tax)	%	11.4	11.1	12.9
ROCE	%	11.5	9.47	10.7
Gearing (at book value)	%	17.6	48.9	36.6
Adj. Net debt/EBITDA(R)	x	1.54	2.46	1.33
Interest cover (x)	x	4.54	4.21	4.71

Valuation Ratios

		19.8	16.3	11.8
Reference P/E (benchmark)	x	19.8	16.3	11.8
Free cash flow yield	%	-2.29	3.36	7.03
P/Book	x	2.21	1.72	1.37
Dividend yield	%	2.95	3.80	4.31

EV Calculation

		524	453	532
Market cap	€M	524	453	532
+ Provisions	€M	17.9	17.4	22.2
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	92.2	165	118
+ 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	622	624	660
EV/EBITDA(R)	x	10.4	9.27	7.40
EV/Sales	x	1.08	0.95	0.79

Analyst : Pierre-Yves Gauthier, Changes to Forecasts : 21/03/2019.