

CHARGEURS

PRICE **EUR22.4**
VALUATION (UPSIDE) **EUR20 (-11%) ■ EUR26 (+16%)**

Solid start of the year

4 MAY 2021 at 20:29*

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Solid Q1 21 trading update

Chargeurs posted Q1 21 sales of EUR181m up 14.8% of which 15.6% LFL, tracking 8% above our EUR168m (+7% LFLe). The upside to our forecasts was driven by acceleration at protective films and sustained activity at Healthcare Solutions.

Protective films and CHS driving the beat

Trends at protective films picked up to reach +10.9% LFL thanks to strong demand in construction end markets, the ramp up of the Italian production facility and growing contribution from the recently created “Specialty Machines” segment. Chargeurs Healthcare Solutions continued to perform well with a sequential sales rebound at EUR42m, reflecting the win of several tender offers during Q4 which already provide visibility on achieving management’s FY target of EUR50-100m sales for the division. Fashion Technologies (-25% LFL) continued to be affected by lockdowns although the group noted the return to positive LFL in a few countries and a sequential stability in Europe. Museum Solutions (-20% LFL) remained impacted by restrictions notably the closure of retail stores and the delays in the execution of some museum projects. The division nevertheless benefits from strong visibility on the back of a growing order book including the recent signing of a EUR20m project.

Attractive medium term outlook – we leave our estimates unchanged

We leave our estimates for 2021 unchanged including a normalization of group EBIT after a record year in 2020 thanks to face masks. Medium prospects remain attractive driven by: 1) the return to more normal economic conditions from end 2021; 2) investments made over the past two years (new production capacities in protective films /healthcare, product innovation at CFT PCC); 3) a growing project pipeline in museum services. We expect 20% EBIT CAGR in 2021-2025.

Price (4 May 2021)	EUR22.4				Performance ⁽¹⁾	1w	1m	3m	12m
Market cap (EURm)	518				Absolute(%)	7	5	30	49
Free float (EURm)	300				Rel. Capital Goods(%)	10	5	24	(7)
EV (EURm)	708				Rel. MSCI SMID(%)	7	2	20	2
3m avg volume (EURm)	1.8								
Refinitiv / Bloomberg	CRIP.PA / CRI FP								
Country / Sub Sector	France / Industrial Machinery								
Financials	12/21e	12/22e	12/23e	12/24e	Valuation metrics	12/21e	12/22e	12/23e	12/24e
EPS, Adjusted (EUR)	1.03	1.57	1.79	1.99	P/E (x)	21.8	14.3	12.5	11.3
EPS - Refinitiv (EUR)	0.89	1.45	1.77	1.99	Net yield (%)	1.0	1.7	2.0	2.3
Net dividend (EUR)	0.23	0.39	0.45	0.51	FCF yield (%)	2.7	5.0	6.5	7.3
Sales (EURm)	602	670	698	714	EV/Sales (x)	1.2	1.0	0.9	0.9
EBITA, Adj. (EURm)	43.4	59.6	66.2	70.8	EV/EBITDA (x)	11.6	8.9	7.9	7.2
Net profit, Adj.(EURm)	23.5	35.8	40.8	45.4	EV/EBITA (x)	16.3	11.5	10.0	9.0
ROCE (%)	8.1	11.0	12.2	13.3	EV/CE (x)	1.7	1.7	1.6	1.5
Net Debt/EBITDA, Adj. (x)	3.7	2.6	2.1	1.7					

Source: Exane BNPP (estimates), Refinitiv (consensus) (1) In listing currency, with dividend reinvested

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* Date and time (London Time) on which the investment recommendation was finalised. It may differ from the date and time of broad dissemination on the website. See Appendix (on p.3) for Analyst Certification, Important Disclosures and Non-US Research Analyst disclosures.

Investment case, valuation and risks

Chargeurs

Investment case

Chargeurs' convincing premiumization and build-up strategy is expected to continue delivering double digit earnings growth in the next three years.

Valuation methodology

A DCF valuation (WACC @ 7.5% and LT growth at 1%) points to EUR26/share while a ROCE/WACC 2022e approach points to EUR20/share.

Risks

To the upside:

Faster recovery in the apparel industry or in the museum services market.

To the downside:

Further weakness in the apparel industry, lower than expected activity at CHS.

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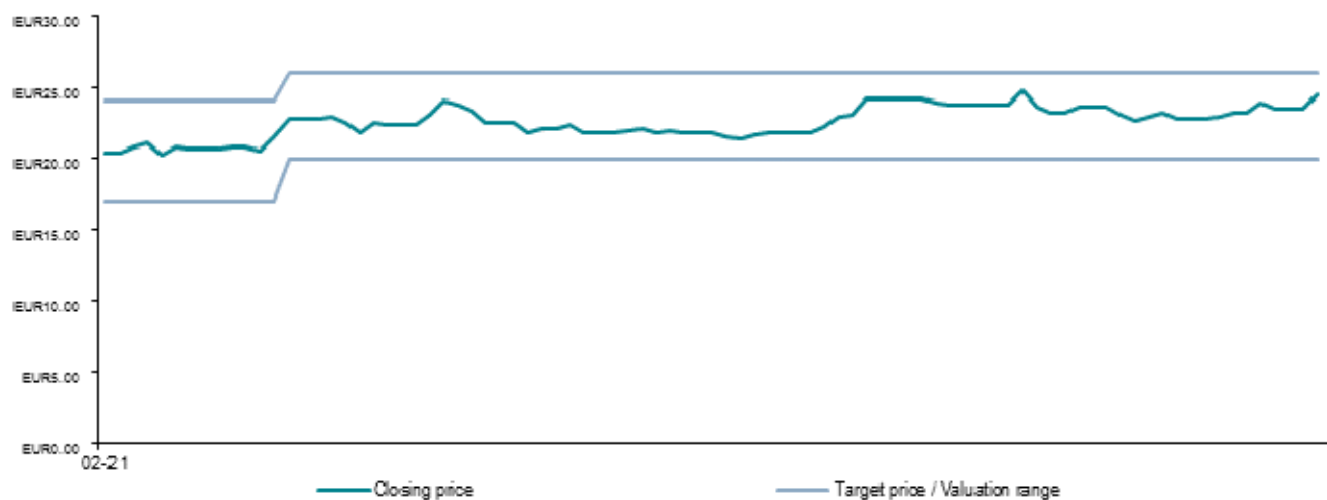
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Chargeurs

Historical closing price & target price (as of 04/05/2021)



Source: Exane BNP Paribas

Historical rating & target price changes

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