

CHARGEURS

PRICE VALUATION (UPSIDE) **EUR20.9**
EUR20 (-4%) ■ EUR28 (+34%)

VALUATION RANGE | EPS 21e | EPS 22e
unchanged | ↗ 8% | ↗ 16% | ↗ 2%

Updating forecasts and valuation

26 MAY 2021 at 18:52*

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As US and European economies reopen, Chargeurs is expected to benefit from volume tailwinds at its protective films and fashion technologies activities. We upgrade our forecasts and valuation range.

Improved visibility at CPF

With 55% of sales in construction end-markets Chargeurs Protective Films is expected to fully benefit from the ongoing steady growth in building permits in both Europe and the US, extending the division's top line visibility. This should increase capacity utilisation at its new production line in Italy, driving some mix improvement although this should be partly offset by raw material headwinds (expected to be fully compensated by pricing over time). We've raised our 2021 LFL growth forecast for the division from 4% to 14%.

Gradual recovery at CFT PCC

Chargeurs Fashion Technologies should see volumes recover from Q3 21 although at a gradual pace as inventories in the channels are expected to remain elevated for several months. We have raised our organic growth forecasts for the division from -2% to +4.5% in 2021. Our estimates for the remaining activities are virtually unchanged: 1) CHS is on track to reach management guidance of EUR50-100m of sales based on the current order book; 2) CMS (+13%e LFL in 2021) has good visibility thanks to reopening and recent contract wins.

We lift our forecasts by 16% in 2021 and 2% in 2022

We have lifted our earnings forecasts by 16% in 2021 and 2% in 2022 to take into account higher LFL forecasts and also a lower tax rate in 2021 as the group should activate part of its tax loss carry forward. Our earnings upgrades are also reflected in our valuation range that is upgraded (ROCE/WACC 2022e at EUR20 and DCF at EUR28).

Price (25 May 2021)	EUR20.9				Performance ⁽¹⁾	1w	1m	3m	12m
Market cap (EURm)	482				Absolute(%)	(2)	(8)	(4)	36
Free float (EURm)	279				Rel. Sector(%)	(3)	(9)	(15)	(1)
EV (EURm)	681				Rel. MSCI SMID(%)	(3)	(9)	(11)	(4)
3m avg volume (EURm)	1.6								
Refinitiv / Bloomberg	CRIP.PA / CRI FP								
Country / Sub Sector	France / Other Support Services								
Financials	12/21e	12/22e	12/23e	12/24e	Valuation metrics	12/21e	12/22e	12/23e	12/24e
EPS, Adjusted (EUR)	1.19	1.60	1.88	2.11	P/E (x)	17.6	13.0	11.1	9.9
EPS - Refinitiv (EUR)	0.85	1.45	1.62	1.99	Net yield (%)	1.3	1.9	2.3	2.6
Net dividend (EUR)	0.27	0.40	0.48	0.55	FCF yield (%)	3.5	5.6	7.3	8.3
Sales (EURm)	649	691	721	747	EV/Sales (x)	1.0	1.0	0.9	0.8
EBITA, Adj. (EURm)	45.4	60.7	69.0	74.3	EV/EBITDA (x)	10.8	8.4	7.3	6.6
Net profit, Adj.(EURm)	27.2	36.7	42.9	48.2	EV/EBITA (x)	15.0	10.9	9.2	8.1
ROCE (%)	9.1	11.1	12.5	13.8	EV/CE (x)	1.7	1.6	1.5	1.4
Net Debt/EBITDA, Adj. (x)	3.5	2.6	2.0	1.6					

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

SPONSORED RESEARCH: Exane is receiving compensation from Chargeurs to cover and produce research on the stock.

* 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 the website) for Analyst Certification, Important Disclosures and Non-US Research Analyst Disclosures. MAUREL.

Figure 1: Exane BNPP earnings revisions

EURm	2020	New		Old		Revision	
		2021e	2022e	2021e	2022e	2021e	2022e
Net sales	822	649	691	602	670	8%	3%
% change	31%	-21%	6%	-27%	11%		
Adj. EBIT	79	45	61	43	60	6%	1%
Adj. EBIT margin	9.6%	7.0%	8.8%	7.1%	9.0%		
Adj. Net income	62	27	37	24	36	16%	2%
Adj. EPS	2.72	1.19	1.60	1.03	1.57	16%	2%

Source: Exane BNP Paribas estimates

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 EUR28/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.

DISCLOSURE APPENDIX

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I, Mourad Lahmidi, (authors of or contributors to the report) hereby certify that all of the views expressed in this report accurately reflect my personal view(s) about the company or companies and securities discussed in this report. No part of my compensation was, is, or will be, directly, or indirectly, related to the specific recommendations or views expressed in this research report.

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Mourad Lahmidi

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Chargeurs	13

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8 – Exane Inc. had a non-investment banking, securities-related client relationship with the subject company/ies in the past 12 months.

9 – Exane Inc. had a non-securities-related services relationship with the subject company/ies in the past 12 months.

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13 – Exane received or expects to receive compensation for non-investment banking services from the subject company/ies in the past 12 months or in the next 3 months.

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Chargeurs	4; 5

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4 – BNPP received compensation for investment banking services from the subject company/ies in the past 12 months

5 – BNPP expects to receive or intends to seek compensation for investment banking services from the subject company/ies in the next 3 months

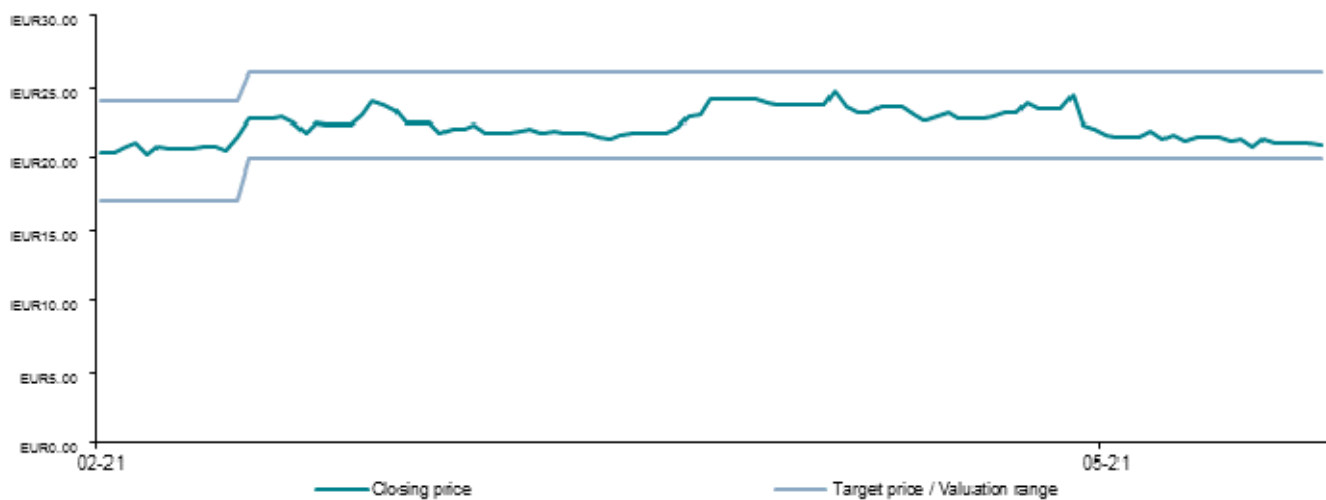
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Price and Ratings Chart

Chargeurs

Historical closing price & target price (as of 25/05/2021)



Source: Exane BNP Paribas

Historical rating & target price changes

The latest company-specific disclosures, valuation methodologies and investment case risks for all other companies covered by this document are available on <http://cube.exane.com/compliance>.

Price at 25 May 21: EUR20.9

Valuation range (EUR): 20.0 (-4%) | 28.0 (+34%)

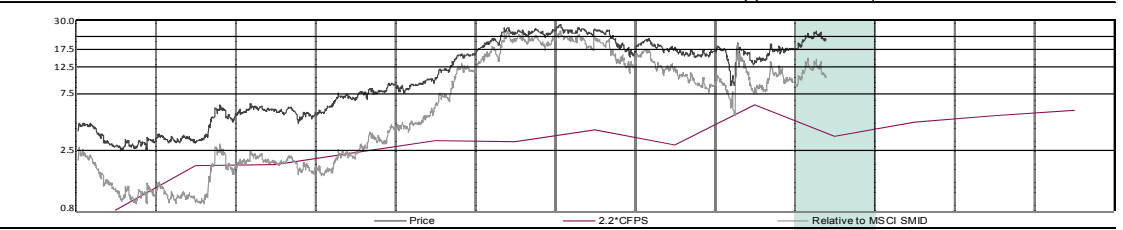
CHARGEURS

Refinitiv / Bloomberg: CRIP.PA / CRI FP

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Other Support Services | Business Services - France

Company Highlights				EURm
Enterprise value				681
Market capitalisation				482
Free float				279
3m average volume				1.6
Performance (*)				
	1m	3m	12m	
Absolute	(8%)	(4%)	36%	
Rel. Sector	(9%)	(15%)	(1%)	
Rel. MSCI SMD	(9%)	(11%)	(4%)	
12m Hi/Lo (EUR): 24.8 -16% / 13.1 +59%				
CAGR		2008/2021	2021/2024	
EPS restated		NC	21%	
CFPS		NC	18%	



	4.6	3.2	3.7	5.3	7.1	11.3	22.8	23.1	17.5	15.8	20.9	20.9	20.9	
Price (yearly avg from Dec. 11 to Dec. 20)	4.6	3.2	3.7	5.3	7.1	11.3	22.8	23.1	17.5	15.8	20.9	20.9	20.9	
PER SHARE DATA (EUR)	Dec. 11	Dec. 12	Dec. 13	Dec. 14	Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19	Dec. 20	Dec. 21e	Dec. 22e	Dec. 23e	Dec. 24e
No of shares year end, basic, (m)	13,123	13,525	14,341	16,021	22,966	22,966	23,331	23,552	23,849	23,108	23,108	23,108	23,108	23,108
Avg no of shares, diluted, excl. treasury stocks (m)	22,497	21,801	22,378	22,407	19,616	22,956	23,172	23,365	22,882	22,851	22,851	22,851	22,851	22,851
EPS reported, Gaap	0.82	(1.12)	0.26	0.69	0.78	0.94	1.05	1.15	0.66	1.79	0.89	1.33	1.60	1.83
EPS company definition	0.82	(1.12)	0.26	0.69	0.78	0.94	1.05	1.15	0.66	1.79	0.89	1.33	1.60	1.83
EPS restated, fully diluted	0.36	(0.43)	0.26	0.52	1.43	1.12	1.31	1.38	0.97	2.72	1.19	1.80	1.88	2.11
% change	(32.8%)	NS	NS	98.3%	174.6%	(21.9%)	16.9%	5.8%	(29.5%)	179.4%	(56.3%)	34.9%	17.1%	12.4%
Book value (BVPS) (a)	13.9	12.3	11.0	11.4	9.5	9.9	9.9	10.1	9.7	10.2	10.6	11.6	12.8	14.2
Net dividend	0.00	0.00	0.00	0.20	0.30	0.55	0.60	0.67	0.40	0.54	0.27	0.40	0.48	0.55
STOCKMARKET RATIOS	Dec. 11	Dec. 12	Dec. 13	Dec. 14	Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19	Dec. 20	Dec. 21e	Dec. 22e	Dec. 23e	Dec. 24e
P / E (P/ EPS restated)	12.8x	NC	14.3x	10.1x	4.9x	10.1x	17.4x	16.7x	18.0x	5.8x	17.6x	13.0x	11.1x	9.9x
P / E relative to MSCI SMD	27%	NC	61%	40%	28%	51%	95%	97%	105%	16%	81%	74%	71%	70%
FCF yield	(26.3%)	58.5%	31.6%	21.0%	10.7%	8.1%	2.0%	(1.4%)	(2.5%)	13.7%	3.5%	5.6%	7.3%	8.3%
P / BVPS	0.33x	0.26x	0.34x	0.46x	0.74x	1.14x	2.31x	2.29x	1.80x	1.55x	1.97x	1.79x	1.63x	1.47x
Net yield	0.0%	0.0%	0.0%	3.8%	4.2%	4.9%	2.6%	2.9%	2.3%	3.4%	1.3%	1.9%	2.3%	2.6%
Payout	0.0%	0.0%	0.0%	38.4%	21.0%	49.2%	45.9%	48.4%	41.0%	19.8%	22.4%	24.8%	25.6%	26.0%
EV / Sales	0.36x	0.23x	0.21x	0.24x	0.32x	0.60x	1.07x	1.19x	0.97x	0.72x	1.05x	0.96x	0.88x	0.81x
EV / Restated EBITDA (**)	6.6x	6.0x	4.2x	3.6x	4.0x	6.3x	10.4x	11.2x	10.1x	5.6x	10.8x	8.4x	7.3x	6.6x
EV / Restated EBITA	9.6x	12.9x	6.7x	5.1x	5.2x	7.9x	12.8x	13.9x	14.7x	7.4x	15.0x	10.9x	9.2x	8.1x
EV / NOPAT	14.0x	18.4x	9.8x	7.0x	7.5x	9.7x	14.8x	16.6x	19.4x	8.2x	18.2x	14.3x	12.1x	10.4x
EV / OpFCF	NS	3.1x	3.6x	4.1x	6.2x	9.0x	22.7x	73.3x	42.3x	8.5x	15.7x	11.2x	9.2x	8.2x
EV / Capital employed (incl. gross goodwill)	0.8x	0.6x	0.6x	0.7x	0.9x	1.5x	2.9x	2.2x	1.7x	1.5x	1.7x	1.6x	1.5x	1.4x
ENTERPRISE VALUE (EURm)	200	121	96	116	161	309	569	682	609	591	681	660	634	605
Market cap	60	42	51	83	139	259	528	539	401	362	482	482	482	482
+ Adjusted net debt (including lease liability)	157	99	59	46	26	48	39	145	209	227	223	202	176	146
+ Other liabilities and commitments	11	11	13	16	15	17	16	17	18	17	17	17	17	17
+ Revalued minority interests	2	2	1	2	2									
- Revalued investments	29	32	28	30	20	17	14	20	19	15	41	41	41	41
P & L HIGHLIGHTS (EURm)	Dec. 11	Dec. 12	Dec. 13	Dec. 14	Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19	Dec. 20	Dec. 21e	Dec. 22e	Dec. 23e	Dec. 24e
Sales	552	524	467	478	499	506	533	573	626	822	649	691	721	747
Restate d EBITDA (b) (**)	31	20	23	32	40	49	55	61	60	102	63	78	86	92
Depreciation	(10)	(11)	(9)	(9)	(10)	(10)	(10)	(12)	(19)	(23)	(18)	(18)	(18)	(18)
Restate d EBITA (b)	21	9	14	23	31	39	44	49	41	79	45	61	69	74
Reported operating profit (loss)	24	9	18	21	24	34	39	42	32	56	37	52	61	66
Net financial income (charges)	(10)	(11)	(7)	(6)	(5)	(5)	(9)	(11)	(12)	(10)	(12)	(12)	(12)	(12)
Affiliates	1	(1)	0	(0)	(11)	(2)	(1)	0	(0)	(2)	(1)	(1)	(1)	(1)
Other														
Tax	(5)	(9)	(4)	(4)	8	(5)	(4)	(5)	(5)	(4)	(4)	(10)	(12)	(12)
Minorities	0	1	0	(0)	(0)	0	0	0	0	1	0	0	0	0
Net attributable profit reported	10	(12)	8	11	15	22	25	27	15	41	20	30	37	42
Net attributable profit restated (c)	8	(9)	6	12	28	26	30	32	22	62	27	37	43	48
CASH FLOW HIGHLIGHTS (EURm)	Dec. 11	Dec. 12	Dec. 13	Dec. 14	Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19	Dec. 20	Dec. 21e	Dec. 22e	Dec. 23e	Dec. 24e
EBITDA (reported) (**)	33	19	26	30	34	44	49	55	53	84	60	75	83	89
EBITDA adjustment (b)	(3)	1	(3)	2	7	5	6	6	7	18	3	3	3	3
Other items	3	1	6	(2)	(8)	(5)	(9)	(5)	(7)	(20)	(3)	(3)	(3)	(3)
Change in WCR	(30)	23	5	9	8	1	(7)	(23)	(13)	3	(4)	(4)	(4)	(4)
Operating cash flow	4	44	34	38	40	45	39	34	40	85	56	72	80	85
Capex	(7)	(5)	(7)	(10)	(14)	(11)	(14)	(24)	(25)	(15)	(13)	(13)	(11)	(11)
Operating free cash flow (OpFCF)	(3)	39	27	28	26	34	25	9	14	70	43	59	69	74
Net financial items (d) + tax paid	(14)	(14)	(10)	(11)	(11)	(13)	(15)	(17)	(24)	(20)	(27)	(32)	(34)	(34)
Free cash flow	(16)	26	17	18	15	21	10	(7)	(10)	49	17	27	35	40
Net financial investments & acquisitions	2	(1)	10	0	1	(20)	(4)	(66)	(9)	(62)	0	0	0	0
Other	(4)	22	8	(13)	1	(9)	6	(7)	(19)	(18)	0	0	0	0
Capital increase (decrease)	1	1	2	3	11	0	0	(10)	(10)	0	0	0	0	0
Dividends paid	0	0	0	0	(3)	(12)	(7)	(11)	(9)	(6)	(12)	(6)	(9)	(11)
Increase (decrease) in net financial debt	18	(48)	(36)	(8)	(25)	20	(6)	101	57	36	(5)	(21)	(26)	(29)
Cash flow, group share	20	8	19	19	21	31	31	40	29	62	34	44	50	55
BALANCE SHEET HIGHLIGHTS (EURm)	Dec. 11	Dec. 12	Dec. 13	Dec. 14	Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19	Dec. 20	Dec. 21e	Dec. 22e	Dec. 23e	Dec. 24e
Net operating assets	129	117	104	123	134	154	152	239	286	350	350	351	349	348
WCR	130	80	50	48	41	46	46	65	73	57	61	65	69	73
Restated capital employed, incl. gross goodwill	259	198	154	171	175	199	197	304	359	407	411	416	418	421
Shareholders' funds, group share	183	167	158	183	219	227	230	237	232	237	245	269	296	327
Minorities	7	7	3	4	3	0	0	0	0	0	0	0	0	0
Provisions/ Other liabilities	26	23	24	27	24	22	22	27	32	38	39	39	40	40
Net financial debt (cash)	94	46	10	2	(23)	(3)	(9)	92	149	185	180	160	133	104
FINANCIAL RATIOS (%)	Dec. 11	Dec. 12	Dec. 13	Dec. 14	Dec. 15	Dec. 16	Dec. 17	Dec. 18	Dec. 19	Dec. 20	Dec. 21e	Dec. 22e	Dec. 23e	Dec. 24e
Sales (% change)	7.8%	(5.1%)	(10.9%)	2.5%	4.3%	1.5%	5.3%	7.6%	9.2%	31.2%	(21.0%)	6.5%	4.3%	3.7%
Organic sales growth	7.9%	(6.8%)	(4.3%)	4.6%	1.7%	5.1%	3.2%	2.6%	(1.2%)	27.5%	(20.5%)	6.5%	4.3%	2.3%
Restated EBITA (% change)	1.5%	(54.8%)	53.2%	59.0%	33.6%	27.1%	14.1%	10.4%	(15.5%)	91.5%	(42.7%)	33.6%	13.6%	7.8%
Restated attributable net profit (% change)	(34.6%)	NC	NC	98.6%	140.4%	(8.6%)	18.0%	6.7%	(31.0%)	179.0%	(56.3%)	34.9%	17.1%	12.4%
Personnel costs / Sales	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC	NC
Restated EBITDA margin (**)	5.5%	3.8%	4.9%	6.6%	8.1%	9.6%	10.2%	10.6%	9.6%	12.5%	9.7%	11.3%	12.0%	12.3%
Restated EBITA margin	3.8%	1.8%	3.1%	4.8%	6.1%	7.7%	8.3%	8.5%	6.6%	9.6%	7.0%	8.8%	9.6%	10.0%
Tax rate	31.0%	NC	31.9%	27.7%	NC	18.5%	13.7%	16.0%	24.4%	9.6%				

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