

Chargeurs Buy

France | Support services

MCap: EUR604.8m

Target Price: EUR30.00
Current Price: EUR25.90
Up/downside: 15.8%
Market data: 18 November 2021

Change in TP: none
Change in Sales: 8.5% 21E/-1.1% 22E
Change in Adj. EBIT: 31.9% 21E/-2.2% 22E
Change in Adj. EPS: up nm 21E/2.1% 22E

Bloomberg: CRI FP Reuters: CRIP.PA
 Free float 53.9%
 Avg. daily volume (EURm) 1.6
 YTD abs performance 47.2%
 52-week high/low (EUR) 28.94/16.76

Compelling story unfolds

Why this report?

Chargeurs is an attractive story. The company has resources to unlock more value through M&A and its existing assets amid recovering underlying markets, while it has sound fundamentals (skilled management, self-financing capabilities, sustained dividends). The bullish price action since mid-2020 remains valid, but may pause against the backdrop of high polyethylene prices and the normalisation of demand for face masks. Buy confirmed.

Key findings

- The Q3 sales release last week confirmed solid demand for protective films, gradual recovery in apparel-related businesses, pursuit of the build-up strategy in services to museums, and the normalisation of demand for face masks.
- The shares' upside potential has reduced. Any setback to EUR24 (peak of April/May) would constitute a good entry point to the story.

Deconstructing the forecasts

- We raise 2021 forecasts but become slightly more conservative on 2022 estimates to reflect lower normalised revenue at Healthcare Solutions and continued pressure on profitability at Protective Films in the context of record high prices for polyethylene (PE). Our medium-term estimates are unchanged (2025E).

FY to 31/12 (EUR)	12/21E	12/22E	12/23E
Sales (m)	718.5	775.4	824.5
EBITDA adj (m)	79.9	80.5	94.2
EBIT adj (m)	56.4	56.8	70.0
Net profit adj (m)	34.0	31.6	43.1
Net financial debt (m)	154.5	153.9	140.6
FCF (m)	47.3	37.1	48.4
EPS adj. and ful. dil.	1.46	1.35	1.85
Consensus EPS	1.20	1.48	1.82
Net dividend	0.97	0.90	1.23
FY to 31/12	12/21E	12/22E	12/23E
P/E adj and ful. dil.	17.8	19.1	14.0
EV/EBITDA	10.1	10.0	8.4
EV/EBIT	14.3	14.2	11.4
FCF yield	7.8%	6.1%	8.0%
Dividend yield	3.7%	3.5%	4.7%
ND(F+IFRS16)/EBITDA	2.4	2.4	1.9
Gearing	64.3%	61.6%	51.6%
ROIC	11.9%	11.7%	14.1%
EV/IC	1.9	1.9	1.8

Investment case

- Chargeurs is an industrial conglomerate with world-leading positions in niche markets that are worth EUR0.5-1.0bn (e.g. self-adhesive films for surface protection, interlinings and technical textiles, premium wool trading).
- CEO and reference shareholder Michael Fribourg took over the company in 2015 and reshaped it. The group's portfolio of assets has been strengthened (higher share of services, innovative/sustainable products, more productive industrial facility) making Chargeurs a more diversified, performing and premium business.
- Chargeurs's premiumization and build-up strategy is expected to deliver double digit earnings growth in the next years.

Catalysts

- Recovery of retail-exposed businesses from depressed 2020 levels
- Embedded performance of assets after a sustained investment period (2018-19)
- Selective and stringent M&A strategy

Valuation methodology

- Discounted Cash Flow (7.9% WACC, 2% g).

Risks to our rating

- High price of polyethylene pressuring margins at CPF.
- M&A execution (inadequate purchasing price, failure in the integration process)

Protective films (CPF): robust demand but margins under pressure**Strong sales growth driven by volume...**

The Q3 trading update confirmed the robust demand for protective films (+28% YOY), in line with the resurgence of global demand. CPF has been experiencing a surge in sales volumes since the fourth quarter of 2020 across all sectors, particularly the construction sector (c. 60% of the division's sales), and the household appliance sector. The order backlog is full and provides visibility for up to two months. Logically, Chargeurs benefits from improving demand given its global leadership in the temporary surface protection market (30% market share).

...and price

The price increases also explain higher turnover, as Chargeurs is passing on higher prices to its customers (either through negotiation or contractual indexation) in order to mitigate the sharp increase in polyethylene (PE) prices, from which the protective films are made. The price of polyethylene reached record highs this year, above the EUR2,000/tonne threshold.

Operating profitability under pressure

The result is that, despite half-year revenues that were nearly 20% higher than in 2019 (the most relevant year for comparison), the divisional adjusted EBIT came in at the same level, at EUR14m. The EBIT margin was 8.4%, down 150bps compared to H1 2019.

The price of PE likely to remain an issue for 2022

Although the supply-demand gap is narrowing, the situation is likely to remain problematic in Q4 2021 and in 2022. We understand that the price increases passed on to customers are partial and gradual. From a market perspective, a significant downward trend in PE prices could only result from normalisation of European supply, greater availability of PE produced elsewhere in the world, a significant slowdown in demand, or a fall in energy costs.

Higher revenue estimates and lower margin estimates offset each other

With regard to the forecasts for the Protective Films division, we have raised our sales estimates but at the same time lowered our margin estimates. The two effects broadly offset one another and the impact is neutral at the adjusted EBIT level in 2021 and 2022. In a normalised business environment, management sees the business as growing in the mid-single digits with optimised profitability (i.e. a sustainable adjusted EBIT margin firmly above 10%), driven by premiumisation. Our medium-term estimates are in line with this scenario. In the near term (Q4 2021 and 2022), the adjusted EBIT margin is likely to remain below the 10% threshold due to high PE prices; 2023 is debatable.

Museum Solutions (CMS): build-up continues**New acquisition**

Chargeurs is pursuing its build-up strategy in the field of services to museums. It is in the process of acquiring 100% of the shares in Events Communications, a highly regarded company specialised in design and project management for museums. The company is involved in multiple projects and generates sales in the high-single-digit millions. Its current CEO James Alexander will continue to run the business. Over the period 2018-21, Chargeurs completed six acquisitions (Events Communications included), which enable it to operate across the entire visitor experience value chain, from project management to the turnkey delivery of exhibitions.

Attractive growth prospects and consolidation opportunities

We continue to value the vision of Chargeurs, which is aimed at creating a global integrated leader in the provision of services to museums. The underlying market of "interior design and exhibition design for new and redeveloped museums" offers attractive prospects, driven by the multitude of new large-scale cultural projects around the world (Middle East, Asia, and the US in particular), the increasing sophistication of museums' offerings, and growing demand for living luxury experiences. Moreover, the competitive landscape is fragmented, both geographically and in terms of expertise (mostly local/single-disciplinary companies). In this respect, the "one-stop shop" model developed by Chargeurs looks highly relevant in our view.

Converging towards EUR100m sales in medium term

We see revenue potential for the division at EUR90-100m by 2025E in contrast to EUR52m reported in 2020, a year marked by some delays in museum projects and a drop in revenue for the traditional activities exposed to retail (Senfa, Leach). Going forward, Chargeurs should be able to capitalise on improving market conditions and growing synergies across subsidiaries (D&P, Hypsos, Design PM, MET Studio, Events Communication). The profitability of the business is relatively attractive (10-15% current EBIT margin), especially the activities related to museography, i.e. the capabilities to create narratives and make an environment completely immersive.

Industrial set-up ready
Healthcare Solutions: demand for face masks is normalising

Healthcare Solutions (CHS) was created in 2020, at the time of the outbreak of the pandemic, to address the massive shortage and rocketing demand for face masks. Chargeurs now operates several production lines for the manufacturing of disposable masks in France, the US, and the UK and is leveraging existing assets in textiles (CFT-PCC and CMS) for the manufacturing of reusable face masks.

High revenue volatility QOQ

After a volatile, panic-fuelled period, the demand for masks seems to be normalising. Revenues at CHS amounted to EUR83m after nine months and will likely come close to the upper limit of the range targeted by the company this year (EUR50-100m). CHS has a track record of six quarters. To date, we have seen a high degree of volatility in quarterly sales, which fluctuate due to the restocking operations of a limited number of clients.

We become more conservative on the sustainable level of revenue from face masks

Currently, the wearing of face masks remains compulsory in closed spaces in western countries, suggesting that we are not yet in a fully normalised environment and that revenue from face masks should decline and level out going forward as global health conditions improve and restrictions disappear. We take a more conservative stance on the sustainable level of revenue from the sale of face masks in a post-pandemic environment. We lower our sales estimates at CHS for 2022 and beyond, assuming a flat amount of EUR50m per year. (from EUR100m on average previously).

Growth will come from acquisitions

At CHS, we assume that growth will come exclusively from potential acquisitions (not factored into our model), as Chargeurs aims to diversify further into hygiene, beauty, and wellness products.

Profitability is higher than expected so far (track record of six quarters)

While we lower our sales expectations, we raise our margin forecasts by 500bps, from 15% to 20% from 2022, based on the last set of results (21% EBIT margin 2020, 26% in H1 2021). This higher-than-expected level of profitability demonstrates that Chargeurs is successful at differentiating itself from the mass market through a series of value-added services (high quality and locally-produced masks, dynamic inventory management for key accounts, traceability and recycling solutions).

Demand is returning
Fashion Technologies (CFT-PCC): Gradual recovery in place

Fashion Technologies is gradually recovering from the depressed levels of 2020, although it remains 20% down from 2019 pre-Covid levels based on Q3 sales. There were some positive developments announced by the company in the Q3 sales release, including: 1) strong sales momentum in the US, where business was up significantly versus Q3 2019; 2) the growing success of the eco-friendly Sustainable 360TM range of interlinings, whose substitution of traditional interlining ranges continues to increase, particularly at major brands; 3) an order backlog at end-Q3 2021 in line with that of 2019 and dynamic order intake in China, France, and the US.

We continue to expect revenue normalisation in this division by 2023 (meaning a return to 2019 revenue levels).

Summary of our change in estimates

We raise 2021 forecasts but become slightly more conservative on 2022 estimates to reflect lower normalised revenue at Healthcare Solutions and continued pressure on profitability at Protective Films in the context of record high prices for polyethylene (PE). Our medium-term estimates are unchanged (2025E).

Table 1: Change in estimates

	New			Old			Change		
	2021E	2022E	2023E	2021E	2022E	2023E	2021E	2022E	2023E
Revenue	719	775	825	662	784	844	8%	-1%	-2%
EBITDA	80	80	94	68	84	98	18%	-4%	-4%
EBITDA, adj. margin	11.1%	10.4%	11.4%	10.3%	10.7%	11.6%			
EBIT, adj.	56	57	70	44	59	73	29%	-4%	-4%
EBIT adj. margin	7.9%	7.3%	8.5%	6.6%	7.5%	8.7%			
EPS	1.49	1.38	1.89	0.77	1.39	1.93	93%	0%	-2%

Source: Kepler Cheuvreux

TP unchanged, Buy

Our target price is unchanged at EUR30. Slightly lower estimates for 2022 and 2023 have a negative impact of EUR1 per share on the equity value, which is offset by housekeeping in relation to DCF parameters (extended implicit period to ten years, change in in-house DCF parameters resulting in WACC of 7.9% vs. 8.0% previously).

We confirm our Buy rating based on the following:

- Chargeurs' leadership in its respective markets is no coincidence, and is based on top-notch production facilities and a premium offering (high share of innovative/ sustainable products and value-added services).
- Michaël Fribourg, the CEO and main shareholder, is here for the long term. His management style combines a sound, coherent, long-term vision and savvy entrepreneurship (as demonstrated by the swift reallocation of industrial assets to address the shortage of face masks at the start of the pandemic).
- Chargeurs has a strong track record when it comes to acquiring and integrating businesses. Its selective and stringent M&A process favours family-to-family deals. Targets are small, performing businesses that have valuable assets and niche expertise. M&A is set to account for the bulk of the growth in Chargeurs' long-term guidance (annual sales of EUR1.5bn by 2025, implying a 13% CAGR).
- Based on its existing cash position and future cash flow generation, Chargeurs will be able to self-finance its growth while maintaining a sustainable dividend distribution policy (payout of over 50%) and keeping debt under control (maximum 2.5x net debt/EBITDA). The company has healthy fundamentals.
- Organic growth is likely to be partly market-driven (recovery of the businesses exposed to retail from the depressed levels of 2020) and partly derived from the untapped potential of existing assets, such as the ramp-up of the one-stop-shop model in museum services, or the launch of a one-of-a-kind production unit for high-value adhesive films.

Company description

Chargeurs is an industrial conglomerate that has established world-leading positions in niche markets (protective films, interlinings, premium wool trading, services to museums). In 2020, Chargeurs successfully created Healthcare Solutions (CHS) to meet the booming demand for masks during the pandemic.

Management

Michaël Fribourg, CEO
Olivier Buquen, CFO
Gustave Gauquelin, COO

Key shareholders

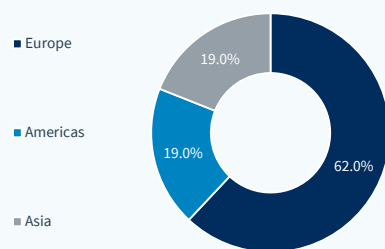
Free float	53.90%
Colombus Holding SAS	27.10%
Sycomore Asset Management	8.70%
Amundi	5.70%

Key data charts

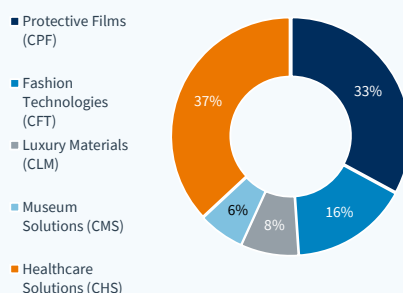
Price performance



Sales split by region



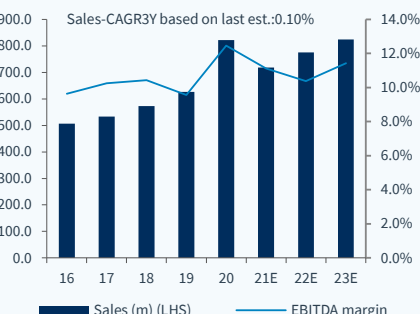
Sales split by division



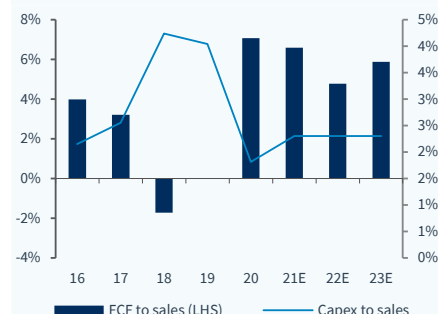
FCF



Sales and EBITDA margin



FCF and Capex to sales



SWOT analysis

Strengths

- Dominating position in niche markets (EUR0.5-1.0bn market size)
- Differentiated offering (premium products, high quality services)
- Management (long term vision, entrepreneurial approach)
- Self-financing ability

Weaknesses

- Sensitive to economic downturns (construction, apparel sector)

Opportunities

- Fast-growing museum services market
- Development of a platform around healthcare/beauty/hygiene/wellness
- M&A opportunities could arise as the crisis eases
- Growing demand for eco-friendly and sophisticated products

Threats

- Risks linked to the integration of newly-acquired companies
- Extension of the COVID-related restrictions and its impact on retail
- Volatility of raw material price (polyester, polyamides)
- Intensification of the competitive landscape

Valuation table

Market data as of: 18 November 2021

FY to 31/12 (EUR)	12/14	12/15	12/16	12/17	12/18	12/19	12/20	12/21E	12/22E	12/23E
Per share data (EUR)										
EPS adjusted		0.79	1.09	1.09	1.14	0.64	1.76	1.46	1.35	1.85
% Change			37.8%	-0.1%	4.7%	-43.6%	173.3%	-17.1%	-7.0%	36.5%
EPS adjusted and fully diluted		0.79	1.09	1.09	1.14	0.64	1.76	1.46	1.35	1.85
% Change			37.8%	-0.1%	4.7%	-43.6%	173.3%	-17.1%	-7.0%	36.5%
EPS reported		0.79	1.09	1.09	1.14	0.64	1.76	1.46	1.35	1.85
% Change			37.8%	-0.1%	4.7%	-43.6%	173.3%	-17.1%	-7.0%	36.5%
EPS Consensus								1.20	1.48	1.82
Cash flow per share		1.65	1.35	1.33	0.62	1.09	3.13	2.73	2.35	2.88
Book value per share		11.18	9.90	9.93	10.16	9.95	10.17	10.33	10.74	11.70
DPS		0.30	0.55	0.60	0.67	0.40	1.32	0.97	0.90	1.23
Number of shares, YE (m)		19.6	23.0	23.2	23.3	23.3	23.3	23.3	23.3	23.3
Nbr of shares, fully diluted, YE (m)		19.6	23.0	23.2	23.3	23.3	23.3	23.3	23.3	23.3
Share price										
Latest price / year end		9.0	16.0	25.3	16.8	17.3	17.6	25.9	25.9	25.9
52 week high		9.1	16.1	26.7	28.5	21.7	20.0	28.9		
52 week low		8.8	7.5	15.9	15.0	14.9	8.7	17.3		
Average price (Year)		8.9	11.3	22.8	23.1	17.5	15.8	25.9	25.9	25.9
Enterprise value (EURm)										
Market capitalisation		175.1	259.3	527.6	539.0	409.4	369.6	604.8	604.8	604.8
Net financial debt		-23.3	-3.2	-8.9	92.2	122.5	147.1	154.5	153.9	140.6
Pension provisions		14.6	16.7	16.4	17.4	18.3	16.8	16.8	16.8	16.8
IFRS 16 debt	0.0	0.0	0.0	0.0	0.0	26.4	38.1	39.2	40.3	41.4
Market value of minorities		3.1	0.0	0.0	0.0	0.0	0.8	-0.8	-0.8	-0.8
MV of equity affiliates (net of tax)		-18.1	-14.9	-11.7	-13.1	-12.6	-7.0	-7.0	-7.0	-7.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise value		151.4	257.9	523.4	635.5	564.0	565.4	807.4	808.0	795.7
Valuation										
P/E adjusted		11.3	10.4	20.9	20.3	27.3	9.0	17.8	19.1	14.0
P/E adjusted and fully diluted		11.3	10.4	20.9	20.3	27.3	9.0	17.8	19.1	14.0
P/E consensus								21.5	17.5	14.3
P/BV		0.8	1.1	2.3	2.3	1.8	1.6	2.5	2.4	2.2
P/CF		5.4	8.3	17.2	37.4	16.1	5.1	9.5	11.0	9.0
Dividend yield (%)		3.4%	4.9%	2.6%	2.9%	2.3%	8.3%	3.7%	3.5%	4.7%
FCF yield (%)		10.5%	7.8%	3.2%	-1.8%	0.0%	15.7%	7.8%	6.1%	8.0%
ROE (%)			11.2%	11.0%	11.4%	6.4%	17.5%	14.2%	12.9%	16.5%
ROIC (%)			17.7%	19.5%	16.4%	9.5%	18.8%	11.9%	11.7%	14.1%
EV/Sales		0.30	0.51	0.98	1.11	0.90	0.69	1.12	1.04	0.97
EV/EBITDA adj.		3.8	5.3	9.6	10.6	9.4	5.5	10.1	10.0	8.4
EV/EBIT adj.		4.9	6.6	11.8	13.0	13.7	7.1	14.3	14.2	11.4
EV/NOPAT		3.5	7.8	13.6	15.5	18.0	7.9	16.4	16.4	13.1
EV/IC		0.9	1.3	2.7	2.1	1.6	1.4	1.9	1.9	1.8
ROIC/WACC			2.2	2.5	2.1	1.2	2.4	1.5	1.5	1.8
EV/IC over ROIC/WACC			0.6	1.1	1.0	1.3	0.6	1.3	1.3	1.0

Income statement

FY to 31/12 (EUR)	12/14	12/15	12/16	12/17	12/18	12/19	12/20	12/21E	12/22E	12/23E
Sales		498.7	506.4	533.0	573.3	626.2	822.0	718.5	775.4	824.5
Gross profit		120.5	130.0	141.6	154.3	167.0	219.0	215.6	211.3	226.7
EBITDA reported		40.3	48.8	54.6	59.8	59.9	102.4	79.9	80.5	94.2
EBITDA adjusted		40.3	48.8	54.6	59.8	59.9	102.4	79.9	80.5	94.2
Depreciation and amortisation		-9.7	-9.9	-10.2	-11.7	-21.1	-28.4	-26.5	-23.7	-24.2
Goodwill impairment		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial result and associates		-6.6	-5.0	-5.9	-5.9	-7.0	-18.2	-6.0	-6.0	-6.0
EBIT reported		24.0	33.9	38.5	42.2	31.8	55.8	47.4	50.8	64.0
EBIT adjusted		30.6	38.9	44.4	49.0	41.3	79.3	56.4	56.8	70.0
Net financial items		-3.0	-0.5	-7.5	-8.8	-9.8	-4.9	-6.4	-12.5	-12.5
Associates		-10.7	-2.0	-0.8	0.1	-0.4	-1.7	0.0	0.0	0.0
Others		-2.3	-1.5	-1.0	-1.8	-1.7	-4.6	-2.0	-2.0	-2.0
Earnings before tax		8.0	29.9	29.2	31.7	19.9	44.6	39.1	36.3	49.6
Tax		7.5	-4.9	-4.0	-5.1	-4.9	-4.3	-5.1	-4.7	-6.4
Net profit from continuing op.		15.5	25.0	25.2	26.6	15.0	40.3	34.0	31.6	43.1
Net profit from disc. activities		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities		15.5	25.0	25.2	26.6	15.0	40.3	34.0	31.6	43.1
Minorities		0.0	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0
Net profit reported		15.5	25.0	25.2	26.6	15.0	41.0	34.0	31.6	43.1
Adjustments		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit adjusted		15.5	25.0	25.2	26.6	15.0	41.0	34.0	31.6	43.1
Sales % Change			1.5%	5.3%	7.6%	9.2%	31.3%	-12.6%	7.9%	6.3%
EBITDA reported % Change			21.1%	11.9%	9.5%	0.2%	71.0%	-22.0%	0.7%	17.1%
EBITDA adjusted % Change			21.1%	11.9%	9.5%	0.2%	71.0%	-22.0%	0.7%	17.1%
EBIT reported % Change			41.3%	13.6%	9.6%	-24.6%	75.5%	-15.0%	7.1%	26.1%
EBIT adjusted % Change			27.1%	14.1%	10.4%	-15.7%	92.0%	-28.8%	0.6%	23.3%
Earnings before tax % Change			273.8%	-2.3%	8.6%	-37.2%	124.1%	-12.4%	-7.0%	36.5%
Net profit from cont. op. % Change			61.3%	0.8%	5.6%	-43.6%	168.7%	-15.7%	-7.0%	36.5%
Net profit reported % Change			61.3%	0.8%	5.6%	-43.6%	173.3%	-17.1%	-7.0%	36.5%
Net profit adjusted % Change			61.3%	0.8%	5.6%	-43.6%	173.3%	-17.1%	-7.0%	36.5%
Gross profit margin (%)		24.2%	25.7%	26.6%	26.9%	26.7%	26.6%	30.0%	27.3%	27.5%
EBITDA margin (%)		8.1%	9.6%	10.2%	10.4%	9.6%	12.5%	11.1%	10.4%	11.4%
EBIT margin (%)		6.1%	7.7%	8.3%	8.5%	6.6%	9.6%	7.9%	7.3%	8.5%
Net profit margin (%)		3.1%	4.9%	4.7%	4.6%	2.4%	5.0%	4.7%	4.1%	5.2%
Tax rate (%)		40.1%	-15.4%	-13.3%	-16.1%	-24.1%	-9.3%	-13.0%	-13.0%	-13.0%
Payout ratio (%)		38.0%	50.5%	55.1%	58.8%	62.3%	75.2%	66.3%	66.3%	66.3%
EPS reported (EUR)		0.79	1.09	1.09	1.14	0.64	1.76	1.46	1.35	1.85
EPS adjusted (EUR)		0.79	1.09	1.09	1.14	0.64	1.76	1.46	1.35	1.85
EPS adj and fully diluted (EUR)		0.79	1.09	1.09	1.14	0.64	1.76	1.46	1.35	1.85
DPS (EUR)		0.30	0.55	0.60	0.67	0.40	1.32	0.97	0.90	1.23
EPS reported % Change			37.8%	-0.1%	4.7%	-43.6%	173.3%	-17.1%	-7.0%	36.5%
EPS adjusted % Change			37.8%	-0.1%	4.7%	-43.6%	173.3%	-17.1%	-7.0%	36.5%
EPS adj and fully diluted % Change			37.8%	-0.1%	4.7%	-43.6%	173.3%	-17.1%	-7.0%	36.5%
DPS % Change			83.3%	9.1%	11.7%	-40.3%	230.0%	-26.9%	-7.0%	36.5%
Consensus Sales (EURm)								706.0	784.1	843.5
Consensus EBITDA (EURm)								73.1	82.5	93.0
Consensus EBIT (EURm)								50.5	59.5	69.0
Consensus EPS (EUR)								1.20	1.48	1.82

Cash flow statement

Market data as of: 18 November 2021

FY to 31/12 (EUR)	12/14	12/15	12/16	12/17	12/18	12/19	12/20	12/21E	12/22E	12/23E
Net profit before minorities		15.5	25.0	25.2	26.6	15.0	40.3	34.0	31.6	43.1
Depreciation and amortisation		9.7	9.9	10.2	11.7	21.1	28.7	23.5	23.7	24.2
Goodwill impairment		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in working capital		8.0	0.8	-6.7	-22.5	-13.3	2.6	2.0	-4.6	-3.9
Others		-0.8	-4.6	2.0	-1.4	2.6	1.4	4.4	4.2	4.0
Levered post tax CF before capex		32.4	31.1	30.7	14.4	25.4	73.0	63.8	54.9	67.3
% Change			-4.0%	-1.3%	-53.1%	76.4%	187.4%	-12.6%	-14.0%	22.7%
Capex		-14.1	-10.9	-13.6	-24.3	-25.3	-14.9	-16.5	-17.8	-19.0
Free cash flow		18.3	20.2	17.1	-9.9	0.1	58.1	47.3	37.1	48.4
% Change			10.4%	-15.3%	-chg	+chg	58000.0%	-18.6%	-21.7%	30.5%
Acquisitions		0.0	-19.7	-5.5	-65.0	-9.6	-53.0	-10.0	0.0	0.0
Divestments		1.2	-0.7	1.2	-1.0	0.2	-9.0	-10.0	0.0	0.0
Dividend paid		-3.2	-11.5	-6.6	-10.8	-8.6	-5.9	-30.2	-22.1	-20.5
Share buy back		0.0	0.0	0.0	-10.2	-9.8	-0.1	0.0	0.0	0.0
Capital increases		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others		-2.2	-6.0	0.0	0.0	-9.7	-12.3	-11.2	-11.4	-11.6
Change in net financial debt		-14.1	17.7	-6.2	96.9	37.4	22.2	14.1	-3.6	-16.2
Change in cash and cash equiv.			63.8	53.3	-104.8	-16.2	115.1	-7.4	0.5	13.4
Attributable FCF		18.3	20.2	17.1	-9.9	0.1	58.1	47.3	37.1	48.4
Cash flow per share (EUR)		1.65	1.35	1.33	0.62	1.09	3.13	2.73	2.35	2.88
% Change			-18.0%	-2.1%	-53.5%	76.4%	187.4%	-12.6%	-14.0%	22.7%
FCF per share (EUR)		0.93	0.88	0.74	-0.42	0.00	2.49	2.03	1.59	2.07
% Change			-5.7%	-16.1%	-chg	+chg	57995.4%	-18.6%	-21.7%	30.5%
Capex / Sales (%)		2.8%	2.2%	2.6%	4.2%	4.0%	1.8%	2.3%	2.3%	2.3%
Capex / D&A (%)		145.4%	110.1%	133.3%	207.7%	119.9%	52.5%	62.4%	75.3%	78.4%
Cash flow / Sales (%)		6.5%	6.1%	5.8%	2.5%	4.1%	8.9%	8.9%	7.1%	8.2%
FCF / Sales (%)		3.7%	4.0%	3.2%	-1.7%	0.0%	7.1%	6.6%	4.8%	5.9%
FCF Yield (%)		10.5%	7.8%	3.2%	-1.8%	0.0%	15.7%	7.8%	6.1%	8.0%
Unlevered FCF Yield (%)		13.5%	9.8%	4.9%	0.1%	2.2%	12.4%	7.6%	6.3%	7.8%

Balance sheet

FY to 31/12 (EUR)	12/14	12/15	12/16	12/17	12/18	12/19	12/20	12/21E	12/22E	12/23E
Cash and cash equivalents		97.7	161.5	214.8	110.0	93.8	208.9	201.5	202.1	215.4
Inventories		101.0	105.4	107.3	128.4	126.1	139.1	134.4	145.0	154.2
Accounts receivable		118.4	123.2	128.0	96.1	102.6	110.3	106.6	115.0	122.3
Other current assets		1.1	0.5	0.4	0.7	1.4	23.2	23.2	23.2	23.2
Current assets		318.2	390.6	450.5	335.2	323.9	481.5	465.7	485.3	515.1
Tangible assets		55.9	61.8	63.2	80.7	113.1	121.2	124.6	129.2	134.5
Goodwill		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Intangible assets		78.5	92.1	88.3	158.1	173.1	228.7	239.5	240.5	241.6
Financial assets		18.1	14.9	11.7	13.1	12.6	7.0	7.0	7.0	7.0
Other non-current assets		29.7	31.9	33.4	39.0	41.2	45.9	45.9	45.9	45.9
Non-current assets		182.2	200.7	196.6	290.9	340.0	402.8	417.1	422.6	429.0
Short term debt		25.3	25.2	26.6	33.1	22.8	46.5	46.5	46.5	46.5
Accounts payable		178.4	181.7	187.0	159.1	151.1	189.9	183.5	198.0	210.5
Other short term liabilities		1.8	3.7	4.1	1.4	6.0	26.7	26.7	26.7	26.7
Current liabilities		205.5	210.6	217.7	193.6	179.9	263.1	256.7	271.2	283.7
Long term debt		49.1	133.1	179.3	169.1	193.5	309.5	309.5	309.5	309.5
Pension provisions		14.6	16.7	16.4	17.4	18.3	16.8	16.8	16.8	16.8
IFRS16 Debt	0.0	0.0	0.0	0.0	0.0	26.4	38.1	39.2	40.3	41.4
Other long term provisions		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities		8.8	3.6	3.8	8.8	13.5	20.3	20.3	20.3	20.3
Non-current liabilities		72.5	153.4	199.5	195.3	251.7	384.7	385.8	386.9	388.0
Shareholders' equity		219.3	227.3	229.9	237.2	232.4	237.4	241.2	250.7	273.3
Minority interests		3.1	0.0	0.0	0.0	0.0	-0.8	-0.8	-0.8	-0.8
Total equity		222.4	227.3	229.9	237.2	232.4	236.6	240.4	249.9	272.5
Balance sheet total		500.4	591.3	647.1	626.1	664.0	884.4	882.8	908.0	944.2
% Change			18.2%	9.4%	-3.2%	6.1%	33.2%	-0.2%	2.8%	4.0%
Book value per share (EUR)		11.18	9.90	9.93	10.16	9.95	10.17	10.33	10.74	11.70
% Change			-11.4%	0.3%	2.3%	-2.0%	2.2%	1.6%	3.9%	9.0%
Net financial debt		-23.3	-3.2	-8.9	92.2	122.5	147.1	154.5	153.9	140.6
IFRS16 Debt	0.0	0.0	0.0	0.0	0.0	26.4	38.1	39.2	40.3	41.4
Pension provisions		14.6	16.7	16.4	17.4	18.3	16.8	16.8	16.8	16.8
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt		-8.7	13.5	7.5	109.6	167.2	202.0	210.5	211.0	198.8
Net fi. debt (+IFRS16) / EBITDA (x)		-0.6	-0.1	-0.2	1.5	2.5	1.8	2.4	2.4	1.9
Trade working capital		41.0	46.9	48.3	65.4	77.6	59.5	57.5	62.0	66.0
Net working capital		40.3	43.7	44.6	64.7	73.0	56.0	54.0	58.5	62.5
NWC/Sales		8.1%	8.6%	8.4%	11.3%	11.7%	6.8%	7.5%	7.5%	7.6%
Inventories/sales		20.3%	20.8%	20.1%	22.4%	20.1%	16.9%	18.7%	18.7%	18.7%
Invested capital		174.7	197.6	196.1	303.5	359.2	405.9	418.1	428.2	438.6
Net fin. debt / FCF (x)		-1.3	-0.2	-0.5	-9.3	1,225.0	2.5	3.3	4.2	2.9
Gearing (%)		-10.5%	-1.4%	-3.9%	38.9%	52.7%	62.2%	64.3%	61.6%	51.6%
Goodwill / Equity (%)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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Rating Breakdown	A	B
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Reduce	5%	0%
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Total	100%	100%

Source: Kepler Cheuvreux

A: % of all research recommendations

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Company Name	Date	Business Line	Rating	Target Price	Closing Price
Chargeurs (EUR)	26/05/2021 06:10	Equity Research	Buy	30.00	20.88

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Local insight, European scale.



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