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Baptiste de Leudeville
Equity Research Analyst
+33 1 53 65 36 55
bdeleudeville@keplercheuvreux.com

Chargeurs Buy

France | Support services

MCap: EUR498.3m

Target Price: EUR30.00
Current Price: EUR21.34
Up/downside: 40.6%
Market data: 21 February 2022

Change in TP: none
Change in Sales: 2.5% 21E/0.7% 22E
Change in Adj. EBIT: -10.2% 21E/-0.8% 22E
Change in Adj. EPS: -10.0% 21E/8.4% 22E

Bloomberg: CRI FP
Free float
Avg. daily volume (EURm)
YTD abs performance
52-week high/low (EUR)

Reuters: CRIP.PA
53.9%
1.2
-18.1%
28.94/20.72

Strong arguments for 2022

Why this report?

The outlook drawn by Chargeurs' management for 2022 suggests sustained growth and margin expansion (except CHS, against high comps) based on record order intake (CPF, PCC-CFT, and CMS), the embedded effect of price increases (CPF), operating leverage from greater volumes (CFT-PCC), and new synergies (CMS). Buy rating and EUR30 TP reiterated. The roll-out of the PAAS ("product as a service") model and an ambitious M&A programme make Chargeurs an attractive case.

Key findings

- Sustained growth momentum maintained at CPF. Chargeurs manages to mitigate the inflation of input costs by using its pricing power.
- The acceleration of growth seen at CFT-CC since H2 2021 marks a shift in demand from the fashion sector. Higher volumes will drive sales and profit at the division in 2022.
- The museography platform is taking shape. The consolidation of the network opens up attractive commercial opportunities and cost synergy options.

Deconstructing the forecasts

- We see 6% sales growth in 2022E and a slight increase in the adjusted EBIT margin (+30bps to 7.2%). Growth and margin expansion at traditional activities should more than offset the expected reduced contribution of CHS.

FY to 31/12 (EUR)	12/21E	12/22E	12/23E
Sales (m)	736.6	781.1	816.1
EBITDA adj (m)	73.8	80.1	88.7
EBIT adj (m)	50.7	56.3	64.7
Net profit adj (m)	30.6	34.3	41.3
Net financial debt (m)	146.0	134.5	119.1
FCF (m)	51.8	42.6	49.0
EPS adj. and ful. dil.	1.31	1.47	1.77
Consensus EPS	1.30	1.41	1.82
Net dividend	0.87	0.98	1.18
FY to 31/12	12/21E	12/22E	12/23E
P/E adj and ful. dil.	16.3	14.5	12.1
EV/EBITDA	9.2	8.4	7.4
EV/EBIT	13.4	11.9	10.1
FCF yield	10.4%	8.5%	9.8%
Dividend yield	4.1%	4.6%	5.5%
ND(F+IFRS16)/EBITDA	2.4	2.0	1.7
Gearing	61.7%	53.7%	44.3%
ROIC	12.5%	12.1%	13.8%
EV/IC	1.7	1.7	1.6

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.
- Selective and stringent M&A strategy

Valuation methodology

- Discounted Cash Flow (7.9% WACC, 2% g).
- Sum-Of-The-Parts (applying various EV/EBITDA and EV/EBIT multiples to each division).

Risks to our rating

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

2021: solid performance overall

As anticipated, 2021 results marked a decline compared to 2020 (-10% in sales, -28% in EBITDA, -36% in adjusted EBIT, and -25% in net profit), given the very high comparison base resulting from the performance of CHS at the peak of the pandemic

Compared to 2019 (a more standard year for comparative analysis), Chargeurs posted double-digit growth in sales and EBIT (+18% and +23%) and doubled its net profit (from EUR15m to EUR31m).

The year was characterised by: 1) sustained demand at CPF; 2) a rebound of demand at CFT-PCC from the second half; and 3) the ramp-up of the museography platform at CMS.

The modest increase in the adjusted EBIT margin compared to 2019 (+30bps at 6.9%) is explained by a sharp increase in input costs, in particular at CPF, and the negative mix related to the significantly lower contribution of CHS.

Reported results are detailed in a table at the end of the report.

We also note:

- The **acceleration of revenue growth in the fourth quarter** (+43%), in particular at activities that have suffered most from the pandemic (CFT-PCC, CMS). This augurs well for the starting year.
- **Solid cash generation** of EUR65m, the second-highest figure in the group's recent history after the record EUR73m achieved in 2020, thanks to its financial performance and tight working capital management.
- **Confirmation of the Leap Forward programme objectives**, namely annual revenue of EUR1.5bn and recurring operating profit of EUR150m by 2025 (including M&A). This is to be achieved via: 1) the deployment of the PAAS (product as a service) model around co-innovation, digitalisation, traceability, and bespoke logistics in order to boost the value of assets and returns; and 2) value-accretive acquisitions.

2022 outlook

Growth and margin expansion at traditional activities

The outlook drawn by Chargeurs' management for 2022 suggests continued growth on the back of record order backlog at CPF, PCC-CFT, and CMS.

We see margin expansion at the same time, thanks to: 1) the embedded effect of price increases (CPF); 2) the operating leverage stemming from the expected increase in volumes (CFT-PCC); and 3) the synergies generated by the greater integration of newly-acquired entities (CMS).

Further normalisation at CHS

We expect the contribution of CHS to decrease again sharply in 2022 (2023 as well) with the end of health restrictions. Visibility remains low. We cut our revenue estimates for the division (EUR40m in 2022, and EUR30m in 2023 and beyond, compared to EUR50m previously).

6% sales growth, 30bp increase in adjusted EBIT margin

By combining steady growth in sales/profit at traditional activities (CPF, CFT-PCC and CMS) and a lower contribution from CHS, we anticipate a 6% increase in sales and an 11% increase in EBIT at the group level (adjusted EBIT margin +30bps to 7.2%).

Protective films (CPF)

Record annual sales

2021 set a new record for CPF (EUR341m vs. c. EUR270-280m on average over 2017-20) with a 27% YOY increase in sales, driven by volume and price (+15% and +12, respectively). Growth remained at high levels in the fourth quarter (+24%), driven by sustained demand from key sectors (construction, appliances) and continuous price increases.

Resilience

Against a strong inflationary backdrop (the price of polyethylene surged by 90% between October 2020 and December 2021), CPF managed to improve margins. The EBITDA margin improved by 50bps (10.8%) and the current EBIT margin was up 140bps (7.7%). Profitability has benefited from higher volume and CPF's proven pricing power, as it is able to pass on a large part of the boom in polyethylene prices to customers, thanks to pass-through clauses. The further optimisation of production at the top-notch Italian coating line also contributed positively.

2022 and beyond: room for sales growth and margin improvement

Despite a demanding comparison base, we see room for further growth heading towards 2022, based on: 1) further price increases being passed on in 2022; and 2) a record order backlog at the start of the year. The order backlog provides visibility up to "only" two months, but according to management, interactions with key clients indicate that demand could remain robust through 2022. Obviously, the development of the price of polyethylene will be a key factor to watch, since, if they normalise, prices will be on the decline at some point. In this scenario, CPF would benefit at the EBIT level, as there is traditionally a delay between the actual decrease in raw material prices and the corresponding adjustments in selling prices. We anticipate revenue growth of 6% YOY this year (EUR360m) and a 70bp improvement in the adjusted EBIT margin (7.7%).

Trajectory to 2025

Management reiterates its ambition for CPF of adjusted EBIT at EUR44m in 2025, suggesting a 14% CAGR, supported by dynamic market growth (5% a year structurally) and premiumisation (greater share of high-margin solvents and green solutions). This expected growth trajectory is purely organic-driven (likely no acquisitions to be made in this business). We believe Chargeurs has what it takes to achieve its plan (e.g. established global leadership, a unique range of products and services, top-notch manufacturing assets). Our 2025 estimates are aligned with management's targets.

Fashion Technologies (CFT-PCC)**Trend shift since H2 2021**

The acceleration of top-line growth in the second half (+34% following stable sales in H1) highlights the steady recovery in the fashion and luxury sector since July, following a long period of inventory shedding. The last quarter was particularly strong (+48%), with revenues approaching Q4 2019 levels before the Covid crisis (EUR50m compared to EUR54m).

Unfavourable mix weighed on margins

The increase in activity did not result in higher profits, though (-100bp in adjusted EBIT margin), since CFT-PCC was penalised by a less favourable mix (lower volume provided to CHS for the manufacturing of masks, which resulted in the lower absorption of fixed costs).

2022: sales recovery to continue, margin driven by volume growth

The outlook for 2022 is positive thanks to a record order book at the start of 2022, as brands are accelerating their orders to support the recovery of demand. We expect business margins to benefit from higher volumes, despite a simultaneous increase in the cost base due to a persisting inflationary environment. With regards to the sales mix, the negative impact seen in H2 2021 could continue in H1 2022, considering that the mask business was strong in H1 2021 (EUR72m). The basis for comparison will ease afterwards. We model robust 30% revenue growth this year (EUR200m) along with 250bp upside to the adjusted EBIT margin (5.4%).

PAAS model reflects in digitalisation and innovation

The PAAS ("product as a service") model at CFT-PCC is taking shape in digitalisation (customers have full digital access to all interlining ranges via the virtual showroom opened in July 2021, enabling them to digitally design their prototypes, with major benefits in terms of time to market and environmental footprint) and innovation as the Sustainable 360TM eco-responsible range is being extended with a view to targeting new market segments beyond the traditional luxury segment. Chargeurs mentions growing interest from a large number of affordable ready-to wear brands that are looking to increase the environmentally-responsible portion of their inputs.

Trajectory to 2025

Management confirms its adjusted EBIT target of EUR25m by 2025, from EUR5m in 2021 (KECH: EUR21m).

Healthcare Solutions (CHS)

Finding its balance

2021 revenues of EUR95m were in the upper range of the guidance provided by the group at the start of the year (e.g. EUR50-100m). The business recorded a comfortable adjusted EBIT margin of 23%. Since the inception of the masks business in Q2 2020, we have seen a high degree of volatility in quarterly sales, which fluctuates according to the restocking operations made by clients.

In 2022, we expect most countries to end mask mandates in public spaces as health conditions improve globally. Therefore, a normalisation must be expected. That said, the wearing of masks will be significantly more widespread going forward than before the pandemic, even in the absence of government obligations. We sense that the revenue potential from selling masks in a post-pandemic world ranges from EUR20m to EUR50m at best. We model EUR40m in 2022 and EUR30m annually afterwards (vs. EUR50 per year previously).

At the same time, we set a higher adjusted EBIT of 21% going forward (16% previously) to reflect: 1) a very low cost structure; 2) a focus on value-added services (dynamic inventory management for key accounts, traceability, and recycling solutions); and 3) a focus on the premium travel retail sector.

Expected upside from M&A

At CHS, we assume that growth will come exclusively from potential acquisitions, as Chargeurs aims to diversify further into hygiene, beauty, and wellness products. The diversification has started with the acquisition of Fournival Altesse, a French leader in high-end brushes and a distribution partnership with Sockwell, a leading US brand in the compression sock sector. We expect more acquisitions going forward.

Trajectory to 2025

Management confirms an adjusted EBIT target of EUR15m by 2025, from EUR22m in 2021 (KECH: EUR6m).

Museum Solutions (CMS)

Integrated platform taking shape

The division posted solid sales growth in 2021 (+18% at EUR60m), of which half was achieved organically. We note the notable improvement of business profitability (8.3% vs. a 3.7% adjusted EBIT margin) and the revenue growth acceleration in the fourth quarter (+42%). Chargeurs is pursuing the integration of the companies acquired in the course of recent years (six in total) and the development of the museography platform, now organised around the Museum Studio umbrella brand. This way, Chargeurs pursues several goals, namely the creation of cost synergies (its UK-based subsidiaries now come under a single management and several support functions being pulled together), the strengthening of the brand image as a booster for business development, and a greater ability to attract the best talents in the industry.

Building edges

We continue to value Chargeurs' "one-stop shop" strategy in the field of services to museums, which we found very attractive. In a market that has remained highly fragmented to this date, as it is mostly composed of local/single-disciplinary players, CMS stands out for its ability to operate across the entire visitor experience value chain, including the planning, design, and production of large-scale museum projects, and across all regions (Europe, the US, the UK, Asia, the Middle East). The underlying market 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.

From EUR60m in revenue last year, we are looking at EUR81m/94m/103m in 2022/23/24 (+20/15/10% LFL, respectively). We factor in a EUR10m contribution in 2022 from Events

Communication. We anticipate margin expansion of 260bps over the next two years, driven by the materialisation of synergies and the accretive contribution of acquisitions.

Trajectory to 2025

Management confirms the adjusted EBIT target of EUR18m by 2025 from EUR9m in 2021 (KECH: EUR18m).

Buy, EUR30 TP

We use a DCF and a sum-of-the-parts. We obtain a EUR30 TP by averaging the two methods.

The explicit period of our DCF expands over the period 2023-32. We use a WACC of 7.9% based on a beta of 1.20 and market premium of 8%. The long-term EBIT margin is set at 8.5% and terminal growth at 2%.

Table 1: Sensitivity table (WACC and terminal growth)

	1.00%	1.25%	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%
8.9%	26	27	27	28	29	29	30	31	32
8.7%	27	28	29	29	30	31	32	32	33
8.4%	29	29	30	31	31	32	33	34	35
8.2%	30	31	31	32	33	34	35	36	37
7.9%	31	32	33	34	35	36	37	38	39
7.7%	33	34	34	35	36	38	39	40	42
7.4%	34	35	36	37	38	40	41	43	45
7.2%	36	37	38	39	41	42	44	46	48
6.9%	38	39	40	42	43	45	47	49	51

Source: Kepler Cheuvreux

We add a sum-of-the-parts to our valuation methods. We value each division using different multiples reflecting various strengths and weaknesses (growth and margin profile, market positioning, barriers to entry). The method derives a value of EUR25 per share, therefore providing less upside than the DCF.

Table 2: Sum-of-the-parts

Business unit	EV	Weight	Multiples
Protective Films (CPF)	459	58%	10x EBITDA, 15x EBIT 2022E
Fashion Technologies (CFT)	133	17%	8x EBITDA, 12x EBIT 2022E
Luxury Materials (CLM)	14	2%	4x EBITDA, 6x EBIT 2022E
Museum Solutions (CMS)	121	15%	9x EBITDA, 13x EBIT 2022E
Healthcare Solutions (CHS)	58	7%	5x EBITDA, 8x EBIT 2022E
Eliminations	-82		11x EBIT
Enterprise Value	703		
Net debt	-117		
Equity value	586		
Per share (EUR)	25		

Source: Kepler Cheuvreux

Tables

Reported results 2021 vs. 2020

Table 3: Quarterly revenues by division

EURm	2020					2021					Change				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Protective Films (CPF)	71	63	67	70	270	77	92	86	86	341	8%	46%	28%	24%	26%
Fashion Technologies (CFT)	45	20	33	33	132	32	34	39	50	154	-30%	68%	19%	48%	17%
Luxury Materials (CLM)	30	10	10	14	65	18	21	22	25	86	-39%	104%	126%	72%	33%
Museum Solutions (CMS)	11	14	13	13	52	13	15	14	19	60	12%	8%	8%	40%	17%
Healthcare Solutions (CHS)	0	254	47	3	304	42	30	11	12	95	NA	-88%	-76%	307%	-69%
Group	158	361	170	134	822	181	192	173	191	737	15%	-47%	2%	43%	-10%
Group (excluding CHS)	158	107	123	131	518	139	162	162	179	642	-12%	51%	31%	37%	24%

Source: Kepler Cheuvreux

Table 4: EBITDA by division

EURm	2020			2021			Change		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
Protective Films (CPF)	13	15	28	20	17	37	56%	12%	32%
Fashion Technologies (CFT)	5	6	11	6	5	11	12%	-17%	-4%
Luxury Materials (CLM)	-1	-1	-2	1	1	1	NA	NA	NA
Museum Solutions (CMS)	2	3	5	5	4	9	119%	46%	78%
Healthcare Solutions (CHS)	55	10	65	19	4	23	-67%	-59%	-65%
Others	-3	-1	-5	-3	-3	-6	NA	NA	NA
Group	71	31	102	46	28	74	-35%	-12%	-28%
Group (excluding CHS)	16	21	37	28	23	51	76%	10%	38%

Source: Kepler Cheuvreux

Table 5: EBITDA margin by division

%	2020			2021		
	H1	H2	FY	H1	H2	FY
Protective Films (CPF)	9.5%	11.0%	10.3%	11.8%	9.8%	10.8%
Fashion Technologies (CFT)	7.9%	8.9%	8.4%	8.8%	5.5%	6.9%
Luxury Materials (CLM)	-2.2%	-5.4%	-3.4%	0.9%	1.3%	0.8%
Museum Solutions (CMS)	8.4%	10.5%	9.5%	16.8%	12.5%	14.4%
Healthcare Solutions (CHS)	21.8%	20.1%	21.5%	25.9%	17.4%	23.8%
Others	NA	NA	NA	NA	NA	NA
Group	13.7%	10.3%	12.5%	12.4%	7.6%	10.0%
Group (excluding CHS)	5.2%	8.4%	7.1%	9.2%	6.9%	8.0%

Source: Kepler Cheuvreux

Table 6: EBIT, adj. by division

EURm	2020			2021			Change		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
Protective Films (CPF)	7	10	17	14	12	26	104%	19%	54%
Fashion Technologies (CFT)	2	3	5	2	2	5	0%	-21%	-12%
Luxury Materials (CLM)	-1	-1	-2	1	1	1	-150%	-138%	-143%
Museum Solutions (CMS)	1	1	2	3	2	5	238%	109%	163%
Healthcare Solutions (CHS)	54	9	64	18	4	22	-67%	-61%	-66%
Others	-4	-2	-6	-4	-4	-8	-3%	86%	29%
Group	60	20	79	34	17	51	-43%	-16%	-36%
Group (excluding CHS)	5	11	16	16	13	29	206%	24%	84%

Source: Kepler Cheuvreux

Table 7: EBIT, adj. margin by division

%	2020			2021		
	H1	H2	FY	H1	H2	FY
Protective Films (CPF)	5.2%	7.4%	6.3%	8.4%	7.0%	7.7%
Fashion Technologies (CFT)	3.5%	4.2%	3.9%	3.5%	2.5%	2.9%
Luxury Materials (CLM)	-2.5%	-5.4%	-3.6%	1.3%	1.1%	1.2%
Museum Solutions (CMS)	3.2%	4.1%	3.7%	9.9%	7.0%	8.3%
Healthcare Solutions (CHS)	21.4%	18.5%	20.9%	25.4%	15.3%	22.9%
Others	NA	NA	NA	NA	NA	NA
Group	11.5%	6.5%	9.6%	9.1%	4.6%	6.9%
Group (excluding CHS)	2.0%	4.2%	3.0%	5.3%	3.8%	4.5%

Source: Kepler Cheuvreux

Table 8: Operating results and cash flow

EURm	2020			2021		
	H1	H2	FY	H1	H2	FY
Revenue	519	304	822	372	364	737
<i>Growth</i>	59%	1%	31%	-28%	20%	-10%
EBITDA	71	31	102	46	28	74
<i>Growth</i>	119%	14%	71%	-35%	-12%	-28%
<i>EBITDA margin</i>	13.7%	10.3%	12.5%	12.4%	7.6%	10.0%
EBIT, adj.	60	20	79	34	17	51
<i>Growth</i>	162%	6%	92%	-43%	-16%	-36%
<i>EBIT margin</i>	11.5%	6.5%	9.6%	9.1%	4.6%	6.9%
Net profit	29	11	40	25	6	31
<i>Growth</i>	248%	70%	169%	-15%	-46%	-24%
<i>Net margin</i>	5.6%	3.8%	4.9%	6.6%	1.7%	4.2%

Source: Kepler Cheuvreux

Estimates (2022-24)**Table 9: Protective Films (CPF)**

EURm	2019	2020	2021	2022E	2023E	2024E
Revenues	278	270	341	360	370	382
Growth	-2%	-3%	26%	5%	3%	3%
EBITDA	33	28	37	43	48	52
EBITDA margin	11.9%	10.3%	10.8%	12.0%	13.0%	13.5%
EBIT, adj.	24	17	26	32	37	41
EBIT, adj. margin	8.5%	6.3%	7.7%	9.0%	10.1%	10.7%

Source: Kepler Cheuvreux

Table 10: Fashion Technologies (CFT)

EURm	2019	2020	2021	2022E	2023E	2024E
Revenues	211	132	154	200	220	237
Growth	31%	-37%	17%	30%	10%	8%
EBITDA	24	11	11	17	21	25
EBITDA margin	11.4%	8.4%	6.9%	8.5%	9.5%	10.5%
EBIT, adj.	18	5	5	11	15	18
EBIT, adj. margin	8.3%	3.9%	2.9%	5.4%	6.7%	7.7%

Source: Kepler Cheuvreux

Table 11: Luxury Materials (CLM)

EURm	2019	2020	2021	2022E	2023E	2024E
Revenues	100	65	86	100	102	104
Growth	2%	-36%	33%	16%	3%	2%
EBITDA	3	-2	1	2	3	3
EBITDA margin	2.8%	-3.4%	1.4%	2.0%	3.0%	3.0%
EBIT, adj.	3	-2	1	2	3	3
EBIT, adj. margin	2.7%	-3.6%	1.2%	1.8%	2.8%	2.8%

Source: Kepler Cheuvreux

Table 12: Museum Solutions (CMS)

EURm	2019	2020	2021	2022E	2023E	2024E
Revenues	37	52	60	81	94	103
Growth	21%	38%	17%	35%	15%	10%
EBITDA	5	5	9	13	15	17
EBITDA margin	-11.8%	8.9%	14.4%	16.5%	16.5%	16.5%
EBIT, adj.	3	2	5	9	11	12
EBIT, adj. margin	7.5%	3.7%	8.3%	11.5%	11.8%	12.0%

Source: Kepler Cheuvreux

Table 13: Healthcare Solutions (CHS)

EURm	2019	2020	2021	2022E	2023E	2024E
Revenues	0	304	95	40	30	30
Growth	NA	NA	-65%	-58%	-25%	0%
EBITDA	0	65	23	10	7	7
EBITDA margin	NA	21.5%	23.8%	24.0%	24.0%	24.0%
EBIT, adj.	0	64	22	9	6	6
EBIT, adj. margin	NA	20.9%	22.9%	21.5%	20.7%	20.7%

Source: Kepler Cheuvreux

Table 14: Group

EURm	2019	2020	2021	2022E	2023E	2024E
Revenues	626	822	737	781	816	855
Growth	9%	31%	-10%	6%	4%	5%
EBITDA	60	102	74	80	89	98
EBITDA margin	9.6%	12.5%	10.0%	10.3%	10.9%	11.4%
EBIT, adj.	41	79	51	56	65	73
EBIT, adj. margin	6.6%	9.6%	6.9%	7.2%	7.9%	8.5%

Source: Kepler Cheuvreux

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.

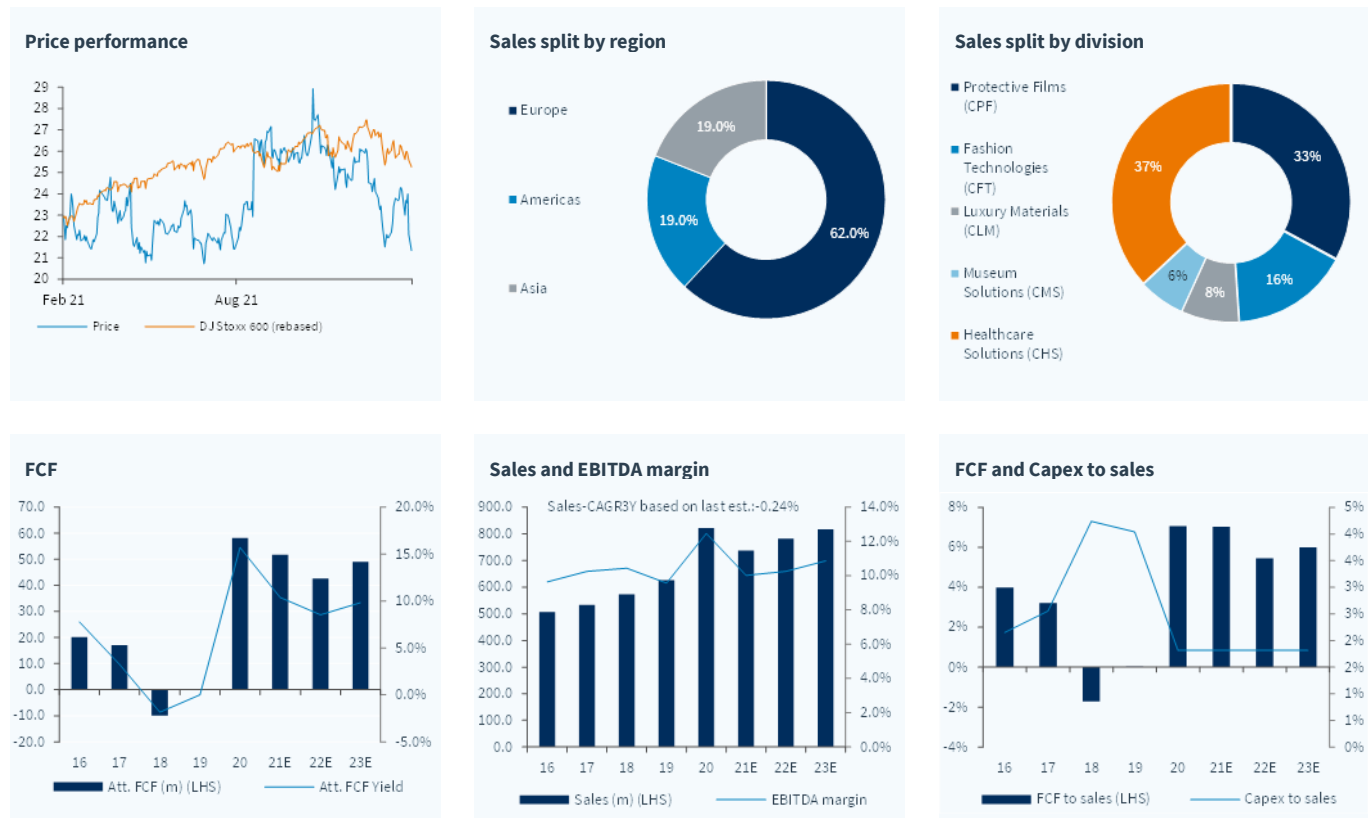
Management

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



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: 21 February 2022

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	1.31	1.47	1.77
% Change			37.8%	-0.1%	4.7%	-43.6%	173.3%	-25.4%	12.0%	20.7%
EPS adjusted and fully diluted		0.79	1.09	1.09	1.14	0.64	1.76	1.31	1.47	1.77
% Change			37.8%	-0.1%	4.7%	-43.6%	173.3%	-25.4%	12.0%	20.7%
EPS reported		0.79	1.09	1.09	1.14	0.64	1.76	1.31	1.47	1.77
% Change			37.8%	-0.1%	4.7%	-43.6%	173.3%	-25.4%	12.0%	20.7%
EPS Consensus								1.30	1.41	1.82
Cash flow per share		1.65	1.35	1.33	0.62	1.09	3.13	2.79	2.43	2.73
Book value per share		11.18	9.90	9.93	10.16	9.95	10.17	10.16	10.75	11.54
DPS		0.30	0.55	0.60	0.67	0.40	1.32	0.87	0.98	1.18
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	26.1	21.3	21.3
52 week high		9.1	16.1	26.7	28.5	21.7	20.0	28.9	26.1	
52 week low		8.8	7.5	15.9	15.0	14.9	8.7	17.3	21.3	
Average price (Year)		8.9	11.3	22.8	23.1	17.5	15.8	23.1	21.3	21.3
Enterprise value (EURm)										
Market capitalisation		175.1	259.3	527.6	539.0	409.4	369.6	498.3	498.3	498.3
Net financial debt		-23.3	-3.2	-8.9	92.2	122.5	147.1	146.0	134.5	119.1
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	27.9	27.9	27.9
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	681.2	669.6	654.2
Valuation										
P/E adjusted		11.3	10.4	20.9	20.3	27.3	9.0	16.3	14.5	12.1
P/E adjusted and fully diluted		11.3	10.4	20.9	20.3	27.3	9.0	16.3	14.5	12.1
P/E consensus								16.4	15.1	11.7
P/BV		0.8	1.1	2.3	2.3	1.8	1.6	2.1	2.0	1.8
P/CF		5.4	8.3	17.2	37.4	16.1	5.1	7.7	8.8	7.8
Dividend yield (%)		3.4%	4.9%	2.6%	2.9%	2.3%	8.3%	4.1%	4.6%	5.5%
FCF yield (%)		10.5%	7.8%	3.2%	-1.8%	0.0%	15.7%	10.4%	8.5%	9.8%
ROE (%)			11.2%	11.0%	11.4%	6.4%	17.5%	12.9%	14.0%	15.9%
ROIC (%)			17.7%	19.5%	16.4%	9.5%	18.8%	12.5%	12.1%	13.8%
EV/Sales		0.30	0.51	0.98	1.11	0.90	0.69	0.92	0.86	0.80
EV/EBITDA adj.		3.8	5.3	9.6	10.6	9.4	5.5	9.2	8.4	7.4
EV/EBIT adj.		4.9	6.6	11.8	13.0	13.7	7.1	13.4	11.9	10.1
EV/NOPAT		3.5	7.8	13.6	15.5	18.0	7.9	13.7	14.0	11.9
EV/IC		0.9	1.3	2.7	2.1	1.6	1.4	1.7	1.7	1.6
ROIC/WACC			2.2	2.5	2.1	1.2	2.4	1.6	1.5	1.7
EV/IC over ROIC/WACC			0.6	1.1	1.0	1.3	0.6	1.1	1.1	0.9

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	736.6	781.1	816.1
Gross profit		120.5	130.0	141.6	154.3	167.0	219.0	186.3	197.6	216.3
EBITDA reported		40.3	48.8	54.6	59.8	59.9	102.4	73.8	80.1	88.7
EBITDA adjusted		40.3	48.8	54.6	59.8	59.9	102.4	73.8	80.1	88.7
Depreciation and amortisation		-9.7	-9.9	-10.2	-11.7	-21.1	-28.4	-28.6	-23.8	-24.0
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	-4.0	-6.0	-6.0
EBIT reported		24.0	33.9	38.5	42.2	31.8	55.8	41.2	50.3	58.7
EBIT adjusted		30.6	38.9	44.4	49.0	41.3	79.3	50.7	56.3	64.7
Net financial items		-3.0	-0.5	-7.5	-8.8	-9.8	-4.9	-10.6	-10.6	-10.6
Associates		-10.7	-2.0	-0.8	0.1	-0.4	-1.7	0.7	0.7	0.7
Others		-2.3	-1.5	-1.0	-1.8	-1.7	-4.6	0.0	0.0	0.0
Earnings before tax		8.0	29.9	29.2	31.7	19.9	44.6	31.3	40.4	48.8
Tax		7.5	-4.9	-4.0	-5.1	-4.9	-4.3	-0.5	-6.0	-7.2
Net profit from continuing op.		15.5	25.0	25.2	26.6	15.0	40.3	30.8	34.5	41.5
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	30.8	34.5	41.5
Minorities		0.0	0.0	0.0	0.0	0.0	0.7	-0.2	-0.2	-0.2
Net profit reported		15.5	25.0	25.2	26.6	15.0	41.0	30.6	34.3	41.3
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	30.6	34.3	41.3
Sales % Change			1.5%	5.3%	7.6%	9.2%	31.3%	-10.4%	6.0%	4.5%
EBITDA reported % Change			21.1%	11.9%	9.5%	0.2%	71.0%	-27.9%	8.5%	10.7%
EBITDA adjusted % Change			21.1%	11.9%	9.5%	0.2%	71.0%	-27.9%	8.5%	10.7%
EBIT reported % Change			41.3%	13.6%	9.6%	-24.6%	75.5%	-26.2%	22.2%	16.5%
EBIT adjusted % Change			27.1%	14.1%	10.4%	-15.7%	92.0%	-36.1%	11.1%	14.8%
Earnings before tax % Change			273.8%	-2.3%	8.6%	-37.2%	124.1%	-29.8%	29.2%	20.6%
Net profit from cont. op. % Change			61.3%	0.8%	5.6%	-43.6%	168.7%	-23.6%	11.9%	20.5%
Net profit reported % Change			61.3%	0.8%	5.6%	-43.6%	173.3%	-25.4%	12.0%	20.7%
Net profit adjusted % Change			61.3%	0.8%	5.6%	-43.6%	173.3%	-25.4%	12.0%	20.7%
Gross profit margin (%)		24.2%	25.7%	26.6%	26.9%	26.7%	26.6%	25.3%	25.3%	26.5%
EBITDA margin (%)		8.1%	9.6%	10.2%	10.4%	9.6%	12.5%	10.0%	10.3%	10.9%
EBIT margin (%)		6.1%	7.7%	8.3%	8.5%	6.6%	9.6%	6.9%	7.2%	7.9%
Net profit margin (%)		3.1%	4.9%	4.7%	4.6%	2.4%	5.0%	4.2%	4.4%	5.1%
Tax rate (%)		40.1%	-15.4%	-13.3%	-16.1%	-24.1%	-9.3%	-1.6%	-15.0%	-15.0%
Payout ratio (%)		38.0%	50.5%	55.1%	58.8%	62.3%	75.2%	66.8%	66.7%	66.6%
EPS reported (EUR)		0.79	1.09	1.09	1.14	0.64	1.76	1.31	1.47	1.77
EPS adjusted (EUR)		0.79	1.09	1.09	1.14	0.64	1.76	1.31	1.47	1.77
EPS adj and fully diluted (EUR)		0.79	1.09	1.09	1.14	0.64	1.76	1.31	1.47	1.77
DPS (EUR)		0.30	0.55	0.60	0.67	0.40	1.32	0.87	0.98	1.18
EPS reported % Change			37.8%	-0.1%	4.7%	-43.6%	173.3%	-25.4%	12.0%	20.7%
EPS adjusted % Change			37.8%	-0.1%	4.7%	-43.6%	173.3%	-25.4%	12.0%	20.7%
EPS adj and fully diluted % Change			37.8%	-0.1%	4.7%	-43.6%	173.3%	-25.4%	12.0%	20.7%
DPS % Change			83.3%	9.1%	11.7%	-40.3%	230.0%	-33.7%	11.9%	20.5%
Consensus Sales (EURm)								736.8	800.0	846.5
Consensus EBITDA (EURm)								73.8	82.9	92.3
Consensus EBIT (EURm)								51.0	58.3	71.8
Consensus EPS (EUR)								1.30	1.41	1.82

Cash flow statement

Market data as of: 21 February 2022

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	30.8	34.5	41.5
Depreciation and amortisation		9.7	9.9	10.2	11.7	21.1	28.7	23.1	23.8	24.0
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	21.9	-1.5	-1.8
Others		-0.8	-4.6	2.0	-1.4	2.6	1.4	-10.7	0.0	0.0
Levered post tax CF before capex		32.4	31.1	30.7	14.4	25.4	73.0	65.1	56.7	63.8
% Change			-4.0%	-1.3%	-53.1%	76.4%	187.4%	-10.8%	-12.9%	12.4%
Capex		-14.1	-10.9	-13.6	-24.3	-25.3	-14.9	-13.4	-14.2	-14.8
Free cash flow		18.3	20.2	17.1	-9.9	0.1	58.1	51.8	42.6	49.0
% Change			10.4%	-15.3%	-chg	+chg	58000.0%	-10.9%	-17.8%	15.1%
Acquisitions		0.0	-19.7	-5.5	-65.0	-9.6	-53.0	-20.4	0.0	0.0
Divestments		1.2	-0.7	1.2	-1.0	0.2	-9.0	0.0	0.0	0.0
Dividend paid		-3.2	-11.5	-6.6	-10.8	-8.6	-5.9	-30.2	-20.0	-22.4
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	0.1	-10.3	-10.5
Change in net financial debt		-14.1	17.7	-6.2	96.9	37.4	22.2	-1.3	-12.3	-16.1
Change in cash and cash equiv.			63.8	53.3	-104.8	-16.2	115.1	1.1	11.6	15.4
Attributable FCF		18.3	20.2	17.1	-9.9	0.1	58.1	51.8	42.6	49.0
Cash flow per share (EUR)		1.65	1.35	1.33	0.62	1.09	3.13	2.79	2.43	2.73
% Change			-18.0%	-2.1%	-53.5%	76.4%	187.4%	-10.8%	-12.9%	12.4%
FCF per share (EUR)		0.93	0.88	0.74	-0.42	0.00	2.49	2.22	1.82	2.10
% Change			-5.7%	-16.1%	-chg	+chg	57995.4%	-10.9%	-17.8%	15.1%
Capex / Sales (%)		2.8%	2.2%	2.6%	4.2%	4.0%	1.8%	1.8%	1.8%	1.8%
Capex / D&A (%)		145.4%	110.1%	133.3%	207.7%	119.9%	52.5%	46.7%	59.6%	61.6%
Cash flow / Sales (%)		6.5%	6.1%	5.8%	2.5%	4.1%	8.9%	8.8%	7.3%	7.8%
FCF / Sales (%)		3.7%	4.0%	3.2%	-1.7%	0.0%	7.1%	7.0%	5.5%	6.0%
FCF Yield (%)		10.5%	7.8%	3.2%	-1.8%	0.0%	15.7%	10.4%	8.5%	9.8%
Unlevered FCF Yield (%)		13.5%	9.8%	4.9%	0.1%	2.2%	12.4%	9.2%	8.2%	9.4%

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	210.0	221.5	236.9
Inventories		101.0	105.4	107.3	128.4	126.1	139.1	87.8	91.3	95.4
Accounts receivable		118.4	123.2	128.0	96.1	102.6	110.3	69.6	72.4	75.6
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	390.6	408.4	431.2
Tangible assets		55.9	61.8	63.2	80.7	113.1	121.2	111.3	111.9	113.1
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	249.1	249.2	249.4
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	413.3	414.0	415.3
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	119.9	124.6	130.2
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	193.1	197.8	203.4
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	27.9	27.9	27.9
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	374.5	374.5	374.5
Shareholders' equity		219.3	227.3	229.9	237.2	232.4	237.4	237.3	251.0	269.5
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	236.5	250.2	268.7
Balance sheet total		500.4	591.3	647.1	626.1	664.0	884.4	804.1	822.6	846.6
% Change			18.2%	9.4%	-3.2%	6.1%	33.2%	-9.1%	2.3%	2.9%
Book value per share (EUR)		11.18	9.90	9.93	10.16	9.95	10.17	10.16	10.75	11.54
% Change			-11.4%	0.3%	2.3%	-2.0%	2.2%	0.0%	5.8%	7.3%
Net financial debt		-23.3	-3.2	-8.9	92.2	122.5	147.1	146.0	134.5	119.1
IFRS16 Debt	0.0	0.0	0.0	0.0	0.0	26.4	38.1	27.9	27.9	27.9
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	190.7	179.2	163.8
Net fi. debt (+IFRS16) / EBITDA (x)		-0.6	-0.1	-0.2	1.5	2.5	1.8	2.4	2.0	1.7
Trade working capital		41.0	46.9	48.3	65.4	77.6	59.5	37.6	39.1	40.8
Net working capital		40.3	43.7	44.6	64.7	73.0	56.0	34.1	35.6	37.3
NWC/Sales		8.1%	8.6%	8.4%	11.3%	11.7%	6.8%	4.6%	4.6%	4.6%
Inventories/sales		20.3%	20.8%	20.1%	22.4%	20.1%	16.9%	11.9%	11.7%	11.7%
Invested capital		174.7	197.6	196.1	303.5	359.2	405.9	394.5	396.7	399.7
Net fin. debt / FCF (x)		-1.3	-0.2	-0.5	-9.3	1,225.0	2.5	2.8	3.2	2.4
Gearing (%)		-10.5%	-1.4%	-3.9%	38.9%	52.7%	62.2%	61.7%	53.7%	44.3%
Goodwill / Equity (%)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

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Name of the Research Analyst(s): Baptiste de Leudeville

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Kepler Cheuvreux rating split as of 22 February 2022

Rating Breakdown	A	B
Buy	62%	70%
Hold	31%	21%
Reduce	4%	0%
Not Rated/Under Review/Accept Offer	3%	9%
Total	100%	100%

Source: Kepler Cheuvreux

A: % of all research recommendations

B: % of issuers to which material services of investment firms are supplied

12 months rating history

The below table shows the history of recommendations and target prices changes issued by KEPLER CHEUVREUX research department (Equity and Credit) over a 12 months period.

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

Credit research does not issue target prices. Left intentionally blank.

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Equity research

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Europe

 **Amsterdam**
Kepler Cheuvreux Benelux
Johannes Vermeerstraat 9
1071 DK Amsterdam
+31 20 563 2365

 **London**
Kepler Cheuvreux UK
5th Floor
95 Gresham Street
London EC2V 7NA
+44 20 7621 5100

 **Paris**
Kepler Cheuvreux France
112 Avenue Kleber
75016 Paris
+33 1 53 65 35 00


 **Brussels**
Kepler Cheuvreux Belgium
Rogier Tower
Place Rogier 11
1210 Brussels
+32 11 491460

 **Madrid**
Kepler Cheuvreux Espana
Paseo de la Castellana, 52
28046 Madrid
+34 914 36 5100

 **Stockholm**
Kepler Cheuvreux Sweden
Malmskillnadsgatan 23
11157 Stockholm
+46 8 723 51 00

 **Frankfurt**
Kepler Cheuvreux Germany
Taunusanlage 19
60325 Frankfurt
+49 69 756 960

 **Milan**
Kepler Cheuvreux Italia
Via C. Cornaggia 10
20123 Milan
+39 02 8550 7201

 **Vienna**
Kepler Cheuvreux Austria
Schottenring 16/2
1010 Vienna
+43 1 537 124 147

 **Geneva**
Kepler Cheuvreux SA
Route de Crassier 11
1262 Eysins
Switzerland
+41 22361 5151

 **Oslo**
Kepler Cheuvreux Norway
Filipstad Brygge 1
Pb. 1671 Vika
0120 Oslo
+47 23 13 9080

 **Zurich**
Kepler Cheuvreux Switzerland
Stadelhoferstrasse 22
8001 Zurich
+41 43 333 66 66

North America

 **New York**
Kepler Capital Markets, Inc.
Tower 49
12 East 49th Street, Floor 36
10017 New York, NY USA
+1 212 710 7600