

# Chargeurs Buy

France | Support services

**MCap: EUR268.9m**

**Target Price:** EUR22.00 (30.00)  
**Current Price:** EUR11.40  
**Up/downside:** 93.0%  
**Market data:** 27 September 2022

**Change in TP:** -26.7%  
**Change in Sales:** -4.3% 22E/-6.1% 23E  
**Change in Adj. EBIT:** -22.8% 22E/-23.5% 23E  
**Change in Adj. EPS:** -36.6% 22E/-43.2% 23E

Bloomberg: CRI FP      Reuters: CRIP.PA  
 Free float      73.0%  
 Avg. daily volume (EURm)      0.9  
 YTD abs performance      -56.3%  
 52-week high/low (EUR)      28.94/11.40

## Estimates and TP cut, Buy maintained

### Why this report?

Taken individually, core businesses were still developing well in the first half (resilient margin in protective films, profit recovery in fashion, active build-up in Museum Studio). Nevertheless, it did not stop the shares from plummeting further (-26% since publication, -56% YTD) on the back of darker economic prospects and the lack of short-term catalysts pending the recognition of profits from large museum projects and in the context of the deflation of the face-masks business. Some scepticism from investors about further recent diversification moves may be a factor too. We cut our TP from EUR30 to EUR22 and maintain our Buy rating.

### Key findings

- Fundamentals are intact. The investment case remains attractive (leadership in niche markets, premium positioning, state-of-the-art production assets, attractive outlook in museum services)...
- ...but the short-term outlook is undermined by a weaker macro environment and a lack of catalysts. We believe this is now reflected in the share price.

### Deconstructing the forecasts

- The change in TP mostly reflects a new cut in revenue forecasts from face masks and, to a lesser extent, more prudence in protective films in a changing macroeconomic environment.

FY to 31/12 (EUR)	12/22E	12/23E	12/24E
Sales (m)	747.8	766.6	809.0
EBITDA adj (m)	65.7	71.8	81.1
EBIT adj (m)	43.5	49.5	57.8
Net profit adj (m)	22.2	24.0	31.0
Net financial debt (m)	148.4	144.0	135.2
FCF (m)	23.6	30.2	36.0
EPS adj. and ful. dil.	0.93	1.01	1.30
Consensus EPS	1.23	1.59	2.02
Net dividend	0.70	0.76	0.99
FY to 31/12	12/22E	12/23E	12/24E
P/E adj and ful. dil.	12.3	11.3	8.8
EV/EBITDA	6.9	6.3	5.5
EV/EBIT	10.5	9.1	7.6
FCF yield	8.8%	11.2%	13.4%
Dividend yield	6.2%	6.7%	8.7%
ND(F+IFRS16)/EBITDA	2.7	2.4	2.1
Gearing	57.6%	54.8%	49.3%
ROIC	9.4%	10.4%	12.1%
EV/IC	1.1	1.1	1.1

### 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.

### Catalysts

- M&A (Museum Studio, personal care, luxury goods).
- Creation of the leading integrated player in services to museums.
- Embedded performance of newly acquired assets and investments.

### Valuation methodology

- Discounted cash flow (8.7% WACC, 2% g).

### Risks to our rating

- Deep economic recession.
- M&A execution.
- High price of raw materials (ex: polyethylene).

### Estimates and TP cuts

We cut adjusted EBIT estimates by 23% on 2022 and 2023. The main change in estimates occurs in the Personal Care unit. The sales momentum in face masks since the beginning of the year (only EUR6m in Q1, no revenue in Q2) has prompted us to slash forecasts. It is reasonable to expect very limited profit from that business going forward with regards to global health and the company's strategy (no further investment, limited and stable number of customers).

In protective films, we have reviewed estimates moderately to reflect the risk of a weaker economic outlook in the year ahead, particularly in the construction sector (the main end market for protective films).

Our revenue estimates by 2025 (EUR861m) are below the long-term guidance (EUR1.0bn) set by the company before the pandemic. We do not think the company's financial targets are achievable in a deteriorated environment.

**Table 1: Change in estimates**

	New estimates			Old estimates			Change in estimates		
	2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
Sales	748	767	809	781	816	855	-4%	-6%	-5%
EBITDA	66	72	81	80	89	98	-18%	-19%	-17%
EBIT, adj.	43	49	58	56	65	73	-23%	-23%	-21%
Net profit	22	24	31	31	34	41	-28%	-30%	-25%

Source: Kepler Cheuvreux

For our valuation, we use a DCF with an implicit horizon to 2025 (matching the timeframe of the company's Leap Forward strategic plan). We obtain EUR22 (EUR30 previously) after cutting estimates. DCF assumptions from 2025 include 2% terminal growth and an EBIT margin of 6.7%. The sensitivity table below provides values ranging from EUR18 to EUR27.

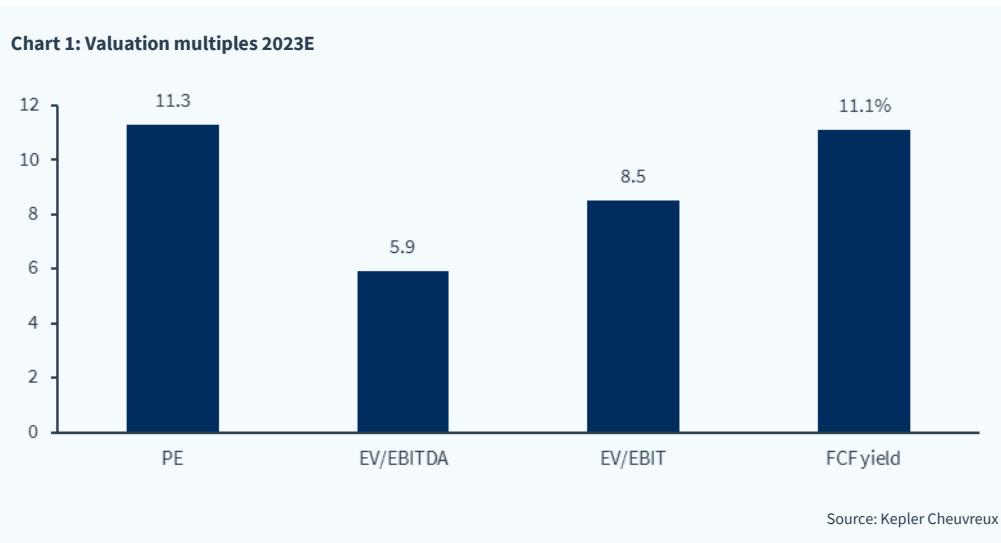
An SOP valuation would be ideal to value a conglomerate like Chargeurs, but the company operates niche businesses where we lack relevant listed peers and transaction data. The lack of maturity of some businesses is also an obstacle.

**Table 2: Sensitivity table**

		g				
		1.5%	1.8%	2.0%	2.3%	2.5%
WACC	9.2%	18.4	19.2	20.1	21.0	21.9
	8.9%	19.3	20.1	21.0	22.0	23.1
	8.7%	20.2	21.1	22.1	23.2	24.3
	8.4%	21.2	22.2	23.2	24.4	25.6
	8.2%	22.3	23.4	24.5	25.8	27.1

Source: Kepler Cheuvreux

The shares are trading at rather low multiples compared to the historical average. A similar deterioration of multiples was last seen in 2020 at the peak of the pandemic.



## Deconstructing the forecasts

### Advanced Materials (formerly Protective Films)

The stable margins in the protective films business in H1 (8.4% EBIT margin, unchanged vs. H1 2021) highlights the company's good pricing power in the current inflationary environment and the flexibility of its commercial, industrial, and logistics organisation. The efforts made to lower the breakeven point in previous years are now paying off (automation of production lines, workforce flexibility, premiumisation).

The fundamentals of the business remain solid despite macro headwinds (e.g. established global leadership, premium positioning, state-of-the-art production assets, low capex required in the near future, large and diversified customer base). The company reported further market share gains too. Management has reiterated its belief that the division could generate an EBIT margin of 10-12% under normal conditions.

The order backlog provides very limited visibility over the next six to eight weeks. The company reported a decrease of this backlog due to lower demand from key sectors (construction, appliances). Although the commercial momentum varies depending on the region (still okay in the US, more difficult in Europe, particularly in Germany) the lack of visibility and macro-related uncertainties prevail.

In our discussion with the company, the CFO highlighted the company's proven resilience in tough economic environments (one-quarter down during the pandemic) and mentioned that the European governments' stimulus plans could support demand in the future.

We model no sales growth and limited margin expansion in 2023 due to economic slowdown, a demanding base for comparison, and high price for polyethylene.

**Table 3: Advanced Materials – 2022-25E**

	2019	2020	2021	2022E	2023E	2024E	2025E
<b>Sales</b>	<b>278</b>	<b>270</b>	<b>341</b>	<b>351</b>	<b>351</b>	<b>358</b>	<b>372</b>
YOY change %	-2%	-3%	26%	3%	0%	2%	4%
<b>EBITDA</b>	<b>33</b>	<b>28</b>	<b>37</b>	<b>38</b>	<b>40</b>	<b>42</b>	<b>45</b>
% of sales	11.9%	10.3%	10.8%	10.8%	11.3%	11.8%	12%
<b>EBIT, adj.</b>	<b>24</b>	<b>17</b>	<b>26</b>	<b>28</b>	<b>30</b>	<b>32</b>	<b>34</b>
% of sales	8.5%	6.3%	7.7%	8.0%	8.5%	9.0%	9.2%

Source: Kepler Cheuvreux

### Fashion Technologies

The recovery seen in the first half (sales have doubled) was driven by the rebound in the fashion market (penalised by lockdowns until the start of H2 2021), and some commercial success with key accounts. Margins also doubled thanks to the operating leverage provided by volumes and the company's ability to pass rising costs on to selling prices. The order backlog stands at record levels.

So far, management sees no particular slowdown in demand, although it takes a prudent stance on the future (limited visibility over two months). The business is exposed to retail fashion and therefore to a global economic slowdown.

We see 2022 sales matching pre-Covid levels thanks to solid pricing along with a recovery in margins thanks to higher volume. In 2023, we model no top-line growth and limited margin expansion.

**Table 4: Fashion Technologies – 2022-25E**

	2019	2020	2021	2022E	2023E	2024E	2025E
<b>Sales</b>	<b>211</b>	<b>132</b>	<b>169</b>	<b>202</b>	<b>202</b>	<b>208</b>	<b>214</b>
YOY change %	31%	-37%	29%	23%	0%	3%	3%
<b>EBITDA</b>	<b>24</b>	<b>11</b>	<b>11</b>	<b>20</b>	<b>21</b>	<b>22</b>	<b>24</b>
% of sales	11.4%	8.4%	6.3%	10.0%	10.5%	10.8%	11%
<b>EBIT, adj.</b>	<b>18</b>	<b>5</b>	<b>5</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>
% of sales	8.3%	3.9%	2.7%	7.0%	7.5%	7.8%	8.0%

Source: Kepler Cheuvreux

### Museum Studio (formerly Museum Services)

The build-up continues. Chargeurs' vision of forming a global integrated player in the field of museum services is taking shape. The last acquisition was Skira, a world-renowned publisher of classical and modern art and design books (EUR15m annual sales). By integrating subsidiaries under a common brand ("Museum Studio"), Chargeurs is developing a one-stop shop offering (creative design, editing, build, fit-out, management services, procurement, etc.) with a global reach. This stands in contrast to the current state of the industry, which basically consists of many local players with a limited range of services. The end goal is to help museums grow as brands, optimise the monetisation of their audience, and maximise their revenues.

The contribution of sizeable museum projects (renovation of the Grand Mosque, renovation of the East Wing of the National Air & Space Museum in Washington DC) will only start to be reflected in numbers in H2 2023 and beyond (revenue recognition spread over several years).

During this period, the portion of its business linked to events (25% of division sales) is likely to remain weak and will not compensate for the lag time in the execution of the major museum contracts won in 2021 and 2022.

We model double-digit growth going forward thanks to: 1) the execution of major contracts won in 2021 and 2022 and contributing as of H2 2023 (revenue recognised upon completion); and 2) the realisation of commercial synergies between newly integrated entities. The execution of large-scale projects will have a positive impact on profitability as of next year.

**Table 5: Museum Studio – 2022-25E**

	2019	2020	2021	2022E	2023E	2024E	2025E
<b>Sales</b>	<b>14</b>	<b>41</b>	<b>50</b>	<b>81</b>	<b>105</b>	<b>131</b>	<b>157</b>
YOY change %	NA	196%	23%	63%	29%	25%	20%
<b>EBITDA</b>	<b>5</b>	<b>5</b>	<b>9</b>	<b>10</b>	<b>14</b>	<b>18</b>	<b>22</b>
% of sales	33%	12%	17%	12%	13%	14%	14%
<b>EBIT, adj.</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>6</b>	<b>9</b>	<b>13</b>	<b>17</b>
% of sales	20%	5%	10%	7.0%	8.5%	10%	10.5%

Source: Kepler Cheuvreux

### Luxury Fibers (formerly Luxury Materials)

According to management, the expansion of the Nativa label has the potential to change the economic profile of this business unit, enabling it to go from a virtually zero-growth/low-margin business to a c. 10% margin business. Today, about 10% of the wool volume supplied is Nativa-denominated and it is growing rapidly.

As a reminder, the Nativa proprietary label guarantees the full traceability of the wool "from the sheep to the shop", ensuring that the wool supplied to brands comes from regenerative agriculture. This is made possible by the long-term relationships that Chargeurs has formed with the sheep farmers in the southern hemisphere (Oceania, South Africa, Uruguay, Argentina).

Chargeurs is marketing the solution directly to luxury fashion brands (e.g. Stella McCartney and Vivienne Westwood are customers). By offering this service to brands (traceability, sustainability), Chargeurs breaks away from the traditional wool trading business (i.e. purchasing wool from farmers/combing mills and selling it to spinners at a low margin).

As we wait for tangible commercial signings for Nativa, we foresee a gradual return to pre-Covid revenue and profit (c. EUR100m in sales, c. 3% operating margin).

**Table 6: Luxury Fibers – 2022-25E**

	2019	2020	2021	2022E	2023E	2024E	2025E
<b>Sales</b>	<b>100</b>	<b>65</b>	<b>86</b>	<b>103</b>	<b>103</b>	<b>106</b>	<b>110</b>
YOY change %	2%	-36%	33%	20%	0%	2%	4%
<b>EBITDA</b>	<b>3</b>	<b>-2</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>
% of sales	2.8%	-3.4%	1.4%	2.0%	2.5%	3.0%	3.0%
<b>EBIT, adj.</b>	<b>3</b>	<b>-2</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>
% of sales	2.7%	-3.6%	1.2%	1.8%	2.3%	2.6%	2.8%

Source: Kepler Cheuvreux

### Personal care (formerly Healthcare Solutions)

Chargeurs intends to grow in the field of high-end premium personal care and wellness, based on a niche approach and a selective distribution strategy (pharmacies and travel retail). It plans to reach this goal through bolt-on acquisitions of upscale brands. So far, Chargeurs has made the modest acquisition of high-end hair accessory brand Fournival Altesse in 2021 (low-single-digit million revenues on an annual basis).

The business of protective face masks is deflating quickly as health conditions improve (virtually no revenue in Q2). Chargeurs makes no secret of the fact that it has no big ambitions in this business, suggesting that it will not make any additional commercial efforts or invest further in this activity going forward. The business is correlated to restocking by a limited number of customers based on how the health situation unfolds.

That is what drives a new cut in estimates for the Personal Care unit (from EUR40m to EUR10m in 2022 and from EUR30m to EUR5m in 2023).

**Table 7: Personal care – 2022-25E**

	2019	2020	2021	2022E	2023E	2024E	2025E
<b>Sales</b>	<b>0</b>	<b>304</b>	<b>95</b>	<b>10</b>	<b>5</b>	<b>6</b>	<b>7</b>
Change	NA	NA	-65%	-89%	-50%	20%	17%
<b>EBITDA</b>	<b>0</b>	<b>65</b>	<b>23</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>
% of sales	NA	21.5%	23.8%	20%	20%	20%	20%
<b>EBIT, adj.</b>	<b>0</b>	<b>65</b>	<b>23</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
% of sales	NA	22%	24%	15%	20%	20%	20%

Source: Kepler Cheuvreux

### Swaine

Chargeurs entered the luxury accessory market in 2021 through the takeover of Swaine, an iconic brand in the British ultra-luxury space that manufactures leather goods, as well as umbrellas and hats.

Chargeurs is currently repositioning the brand (new logo, new boutique in Mayfair, new target customer profile, etc.). It will leverage the manufacturing assets of Cambridge Satchel's<sup>1</sup> production assets and skills to boost Swaine's growth and profitability.

Despite being a well-known and reputable brand in the UK, the brand only generates very limited revenues at the moment, somewhere in the low-single-digit million range due to the absence of a genuine expansion policy carried out by previous owners and very limited distribution outside London.

<sup>1</sup> Acquired by Chargeurs in August 2022. Cambridge Satchel is a designer, manufacturer, and distributor of premium leather bags and satchels. The company employs 60 people and operates a manufacturing facility based in Cambridge.

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The contribution of Swaine to group revenue will be marginal in the short term (a few millions). We think the investments made in the brand and distribution could boost sales into the double-digit million range by 2025, along with the high margins typically found in the luxury business. We are not making any financial projections for the time being.

### 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.

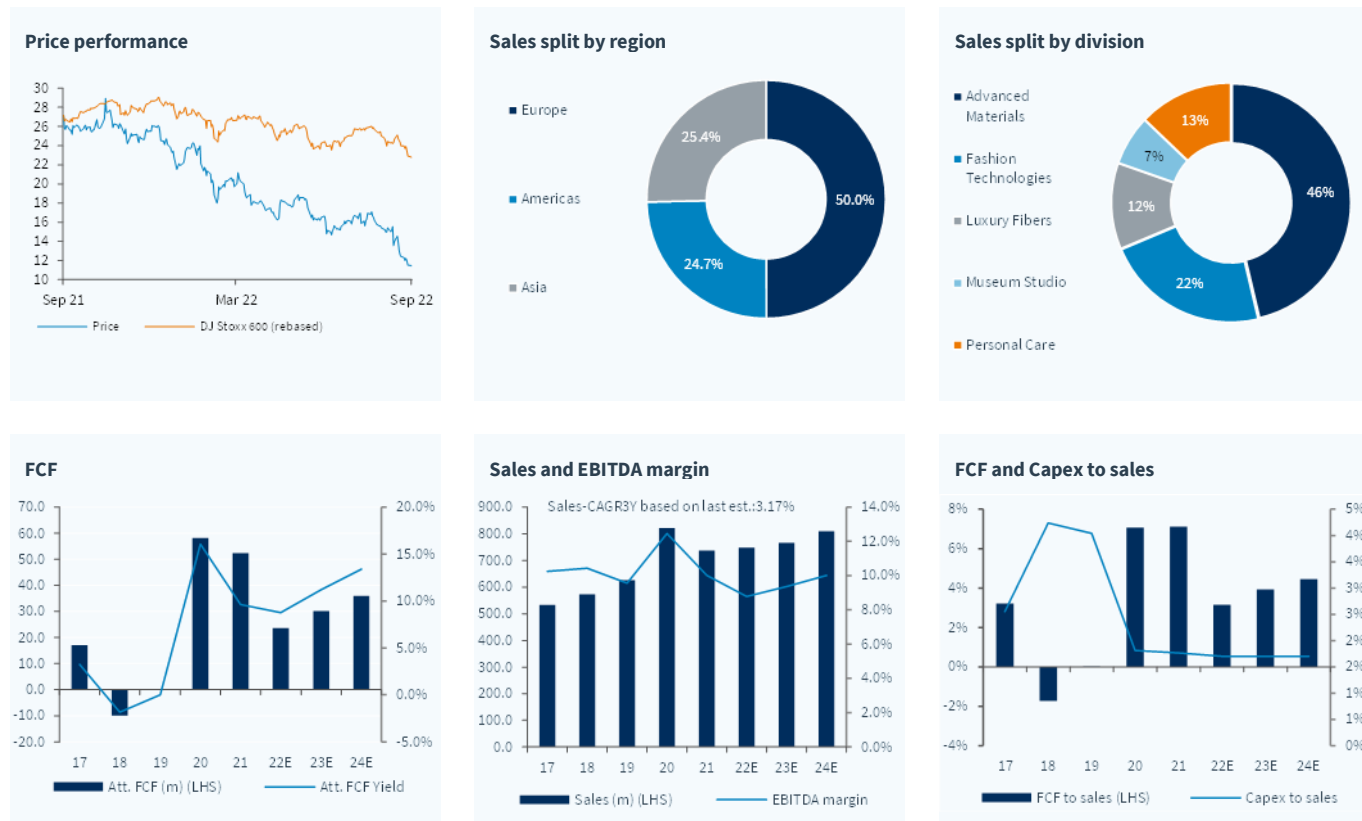
### Management

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

### Key shareholders

Free float	73.00%
Colombus Holding SAS	26.70%
Sycomore Asset Management	6.60%
Amundi	6.10%

### 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
- Deep economic recession.
- Volatility of raw material price (polyester, polyamides)
- Intensification of the competitive landscape

## Valuation table

Market data as of: 27 September 2022

FY to 31/12 (EUR)	12/15	12/16	12/17	12/18	12/19	12/20	12/21	12/22E	12/23E	12/24E
<b>Per share data (EUR)</b>										
EPS adjusted	0.79	1.09	1.09	1.14	0.66	1.79	1.32	0.94	1.02	1.32
% Change		37.8%	-0.1%	4.7%	-42.5%	173.7%	-26.5%	-28.8%	8.1%	29.6%
EPS adjusted and fully diluted	0.79	1.09	1.09	1.14	0.66	1.79	1.31	0.93	1.01	1.30
% Change		37.8%	-0.1%	4.7%	-42.4%	173.7%	-27.2%	-28.8%	8.1%	29.6%
EPS reported	0.79	1.09	1.09	1.14	0.66	1.79	1.32	0.94	1.02	1.32
% Change		37.8%	-0.1%	4.7%	-42.5%	173.7%	-26.5%	-28.8%	8.1%	29.6%
EPS Consensus								1.23	1.59	2.02
Cash flow per share	1.65	1.35	1.33	0.62	1.11	3.19	2.77	1.54	1.83	2.11
Book value per share	11.18	9.90	9.93	10.16	10.16	10.21	11.34	10.95	11.18	11.65
DPS	0.30	0.55	0.60	0.67	0.40	1.32	1.24	0.70	0.76	0.99
Number of shares, YE (m)	19.6	23.0	23.2	23.3	22.9	22.9	23.6	23.6	23.6	23.6
Nbr of shares, fully diluted, YE (m)	19.6	23.0	23.2	23.3	22.9	22.9	23.6	23.6	23.6	23.6
<b>Share price</b>										
Latest price / year end	9.0	16.0	25.3	16.8	17.3	17.6	26.1	11.4	11.4	11.4
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	11.4		
Average price (Year)	8.9	11.3	22.8	23.1	17.5	15.8	23.1	11.4	11.4	11.4
<b>Enterprise value (EURm)</b>										
Market capitalisation	175.1	259.3	527.6	539.0	401.2	361.7	544.5	268.9	268.9	268.9
Net financial debt	-23.3	-3.2	-8.9	92.2	122.4	147.0	123.5	148.4	144.0	135.2
Pension provisions	14.6	16.7	16.4	17.4	18.3	16.8	14.6	14.6	14.6	14.6
IFRS 16 debt	0.0	0.0	0.0	0.0	26.4	38.1	31.9	31.9	31.9	31.9
Market value of minorities	3.1	0.0	0.0	0.0	0.0	0.8	-0.6	-0.6	-0.6	-0.6
MV of equity affiliates (net of tax)	-18.1	-14.9	-11.7	-13.1	-12.6	-7.0	-7.9	-7.9	-7.9	-7.9
Others	0.0	0.0	0.0	0.0	0.0	-20.3	-6.7	0.0	0.0	0.0
Enterprise value	151.4	257.9	523.4	635.5	555.7	537.1	699.3	455.3	450.9	442.1
<b>Valuation</b>										
P/E adjusted	11.3	10.4	20.9	20.3	26.7	8.8	17.5	12.1	11.2	8.7
P/E adjusted and fully diluted	11.3	10.4	21.0	20.3	26.7	8.8	17.7	12.3	11.3	8.8
P/E consensus								9.3	7.2	5.6
P/BV	0.8	1.1	2.3	2.3	1.7	1.6	2.0	1.0	1.0	1.0
P/CF	5.4	8.3	17.2	37.4	15.8	5.0	8.3	7.4	6.2	5.4
Dividend yield (%)	3.4%	4.9%	2.6%	2.9%	2.3%	8.3%	5.4%	6.2%	6.7%	8.7%
FCF yield (%)	10.5%	7.8%	3.2%	-1.8%	0.0%	16.1%	9.6%	8.8%	11.2%	13.4%
ROE (%)		11.2%	11.0%	11.4%	6.4%	17.6%	12.4%	8.4%	9.2%	11.5%
ROIC (%)		17.7%	19.5%	16.4%	9.5%	18.9%	12.7%	9.4%	10.4%	12.1%
EV/Sales	0.30	0.51	0.98	1.11	0.89	0.65	0.95	0.61	0.59	0.55
EV/EBITDA adj.	3.8	5.3	9.6	10.6	9.3	5.2	9.5	6.9	6.3	5.5
EV/EBIT adj.	4.9	6.6	11.8	13.0	13.4	6.8	13.8	10.5	9.1	7.6
EV/NOPAT	3.5	7.8	13.6	15.5	17.7	7.5	14.0	12.3	10.7	9.0
EV/IC	0.9	1.3	2.7	2.1	1.5	1.3	1.8	1.1	1.1	1.1
ROIC/WACC		2.0	2.3	1.9	1.1	2.2	1.5	1.1	1.2	1.4
EV/IC over ROIC/WACC		0.6	1.2	1.1	1.4	0.6	1.2	1.0	0.9	0.8



## Income statement

FY to 31/12 (EUR)	12/15	12/16	12/17	12/18	12/19	12/20	12/21	12/22E	12/23E	12/24E
<b>Sales</b>	<b>498.7</b>	<b>506.4</b>	<b>533.0</b>	<b>573.3</b>	<b>626.1</b>	<b>822.0</b>	<b>736.6</b>	<b>747.8</b>	<b>766.6</b>	<b>809.0</b>
Gross profit	120.5	130.0	141.6	154.3	166.9	219.0	186.3	192.9	201.5	216.7
EBITDA reported	40.3	48.8	54.6	59.8	59.9	102.4	73.8	65.7	71.8	81.1
<b>EBITDA adjusted</b>	<b>40.3</b>	<b>48.8</b>	<b>54.6</b>	<b>59.8</b>	<b>59.9</b>	<b>102.4</b>	<b>73.8</b>	<b>65.7</b>	<b>71.8</b>	<b>81.1</b>
Depreciation and amortisation	-9.7	-9.9	-10.2	-11.7	-21.1	-28.4	-28.1	-25.2	-25.4	-26.3
Goodwill impairment	0.0	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	-4.0	-4.0	-4.0
EBIT reported	24.0	33.9	38.5	42.2	31.8	55.8	41.7	36.5	42.5	50.8
<b>EBIT adjusted</b>	<b>30.6</b>	<b>38.9</b>	<b>44.4</b>	<b>49.0</b>	<b>41.4</b>	<b>79.3</b>	<b>50.7</b>	<b>43.5</b>	<b>49.5</b>	<b>57.8</b>
Net financial items	-3.0	-0.5	-7.5	-8.8	-9.8	-4.9	-8.6	-10.8	-14.7	-14.7
Associates	-10.7	-2.0	-0.8	0.1	-0.4	-1.7	0.7	2.0	2.0	2.0
Others	-2.3	-1.5	-1.0	-1.8	-1.7	-4.6	-2.0	-2.0	-2.0	-2.0
Earnings before tax	8.0	29.9	29.2	31.7	19.9	44.6	31.8	25.7	27.8	36.2
Tax	7.5	-4.9	-4.0	-5.1	-4.9	-4.3	-0.5	-3.6	-3.9	-5.1
Net profit from continuing op.	15.5	25.0	25.2	26.6	15.0	40.3	31.3	22.2	24.0	31.0
Net profit from disc. activities	0.0	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	31.3	22.2	24.0	31.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.7	-0.2	0.0	0.0	0.0
<b>Net profit reported</b>	<b>15.5</b>	<b>25.0</b>	<b>25.2</b>	<b>26.6</b>	<b>15.0</b>	<b>41.0</b>	<b>31.1</b>	<b>22.2</b>	<b>24.0</b>	<b>31.0</b>
Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit adjusted</b>	<b>15.5</b>	<b>25.0</b>	<b>25.2</b>	<b>26.6</b>	<b>15.0</b>	<b>41.0</b>	<b>31.1</b>	<b>22.2</b>	<b>24.0</b>	<b>31.0</b>
Sales % Change		1.5%	5.3%	7.6%	9.2%	31.3%	-10.4%	1.5%	2.5%	5.5%
EBITDA reported % Change		21.1%	11.9%	9.5%	0.2%	71.0%	-27.9%	-11.0%	9.4%	12.9%
EBITDA adjusted % Change		21.1%	11.9%	9.5%	0.2%	71.0%	-27.9%	-11.0%	9.4%	12.9%
EBIT reported % Change		41.3%	13.6%	9.6%	-24.6%	75.5%	-25.3%	-12.5%	16.5%	19.6%
EBIT adjusted % Change		27.1%	14.1%	10.4%	-15.5%	91.5%	-36.1%	-14.3%	13.8%	16.8%
Earnings before tax % Change		273.8%	-2.3%	8.6%	-37.2%	124.1%	-28.7%	-19.2%	8.2%	29.9%
Net profit from cont. op. % Change		61.3%	0.8%	5.6%	-43.6%	168.7%	-22.3%	-29.2%	8.1%	29.6%
Net profit reported % Change		61.3%	0.8%	5.6%	-43.6%	173.3%	-24.1%	-28.8%	8.1%	29.6%
Net profit adjusted % Change		61.3%	0.8%	5.6%	-43.6%	173.3%	-24.1%	-28.8%	8.1%	29.6%
Gross profit margin (%)	24.2%	25.7%	26.6%	26.9%	26.7%	26.6%	25.3%	25.8%	26.3%	26.8%
EBITDA margin (%)	8.1%	9.6%	10.2%	10.4%	9.6%	12.5%	10.0%	8.8%	9.4%	10.0%
EBIT margin (%)	6.1%	7.7%	8.3%	8.5%	6.6%	9.6%	6.9%	5.8%	6.5%	7.1%
Net profit margin (%)	3.1%	4.9%	4.7%	4.6%	2.4%	5.0%	4.2%	3.0%	3.1%	3.8%
Tax rate (%)	40.1%	-15.4%	-13.3%	-16.1%	-24.0%	-9.3%	-1.6%	-15.0%	-15.0%	-15.0%
Payout ratio (%)	38.0%	50.5%	55.2%	58.9%	61.0%	73.6%	95.0%	75.7%	75.7%	75.7%
EPS reported (EUR)	0.79	1.09	1.09	1.14	0.66	1.79	1.32	0.94	1.02	1.32
EPS adjusted (EUR)	0.79	1.09	1.09	1.14	0.66	1.79	1.32	0.94	1.02	1.32
EPS adj and fully diluted (EUR)	0.79	1.09	1.09	1.14	0.66	1.79	1.31	0.93	1.01	1.30
DPS (EUR)	0.30	0.55	0.60	0.67	0.40	1.32	1.24	0.70	0.76	0.99
EPS reported % Change		37.8%	-0.1%	4.7%	-42.5%	173.7%	-26.5%	-28.8%	8.1%	29.6%
EPS adjusted % Change		37.8%	-0.1%	4.7%	-42.5%	173.7%	-26.5%	-28.8%	8.1%	29.6%
EPS adj and fully diluted % Change		37.8%	-0.1%	4.7%	-42.4%	173.7%	-27.2%	-28.8%	8.1%	29.6%
DPS % Change		83.3%	9.1%	11.7%	-40.3%	230.0%	-6.1%	-43.2%	8.1%	29.6%
Consensus Sales (EURm)								812.4	849.6	894.5
Consensus EBITDA (EURm)								78.4	90.9	104.9
Consensus EBIT (EURm)								47.1	52.9	64.7
Consensus EPS (EUR)								1.23	1.59	2.02

## Cash flow statement

Market data as of: 27 September 2022

FY to 31/12 (EUR)	12/15	12/16	12/17	12/18	12/19	12/20	12/21	12/22E	12/23E	12/24E
Net profit before minorities	15.5	25.0	25.2	26.6	15.0	40.3	31.3	22.2	24.0	31.0
Depreciation and amortisation	9.7	9.9	10.2	11.7	21.1	28.7	28.6	22.2	22.4	23.3
Goodwill impairment	0.0	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	-6.1	-1.1	-2.5
Others	-0.8	-4.6	2.0	-1.4	2.6	1.4	-16.4	-2.0	-2.0	-2.0
<b>Levered post tax CF before capex</b>	<b>32.4</b>	<b>31.1</b>	<b>30.7</b>	<b>14.4</b>	<b>25.4</b>	<b>73.0</b>	<b>65.4</b>	<b>36.3</b>	<b>43.2</b>	<b>49.8</b>
% Change		-4.0%	-1.3%	-53.1%	76.4%	187.4%	-10.4%	-44.5%	19.0%	15.2%
Capex	-14.1	-10.9	-13.6	-24.3	-25.3	-14.9	-13.0	-12.7	-13.0	-13.8
<b>Free cash flow</b>	<b>18.3</b>	<b>20.2</b>	<b>17.1</b>	<b>-9.9</b>	<b>0.1</b>	<b>58.1</b>	<b>52.4</b>	<b>23.6</b>	<b>30.2</b>	<b>36.0</b>
% Change		10.4%	-15.3%	-chg	+chg	58000.0%	-9.8%	-55.0%	27.9%	19.4%
Acquisitions	0.0	-19.7	-5.5	-65.0	-9.6	-53.0	-20.4	-10.0	0.0	0.0
Divestments	1.2	-0.7	1.2	-1.0	0.2	-9.0	16.5	0.0	0.0	0.0
Dividend paid	-3.2	-11.5	-6.6	-10.8	-8.6	-5.9	-17.7	-29.2	-16.6	-18.0
Share buy back	0.0	0.0	0.0	-10.2	-9.8	-0.1	0.0	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	0.0
Others	7.0	-8.4	-0.5	-4.2	-2.6	-14.7	-7.3	-9.2	-9.2	-9.2
<b>Change in net financial debt</b>	<b>-23.3</b>	<b>20.1</b>	<b>-5.7</b>	<b>101.1</b>	<b>30.3</b>	<b>24.6</b>	<b>-23.5</b>	<b>24.9</b>	<b>-4.3</b>	<b>-8.8</b>
Change in cash and cash equiv.		63.8	53.3	-104.8	-16.1	115.1	10.7	80.1	4.3	8.8
Attributable FCF	18.3	20.2	17.1	-9.9	0.1	58.1	52.4	23.6	30.2	36.0
Cash flow per share (EUR)	1.65	1.35	1.33	0.62	1.11	3.19	2.77	1.54	1.83	2.11
% Change		-18.0%	-2.1%	-53.5%	80.0%	187.8%	-13.2%	-44.5%	19.0%	15.2%
FCF per share (EUR)	0.93	0.88	0.74	-0.42	0.00	2.54	2.22	1.00	1.28	1.53
% Change		-5.7%	-16.1%	-chg	+chg	58081.7%	-12.6%	-55.0%	27.9%	19.4%
Capex / Sales (%)	2.8%	2.2%	2.6%	4.2%	4.0%	1.8%	1.8%	1.7%	1.7%	1.7%
Capex / D&A (%)	145.4%	110.1%	133.3%	207.7%	119.9%	52.5%	46.3%	50.5%	51.4%	52.4%
Cash flow / Sales (%)	6.5%	6.1%	5.8%	2.5%	4.1%	8.9%	8.9%	4.9%	5.6%	6.2%
FCF / Sales (%)	3.7%	4.0%	3.2%	-1.7%	0.0%	7.1%	7.1%	3.2%	3.9%	4.5%
FCF Yield (%)	10.5%	7.8%	3.2%	-1.8%	0.0%	16.1%	9.6%	8.8%	11.2%	13.4%
Unlevered FCF Yield (%)	13.5%	9.8%	4.9%	0.1%	2.2%	13.1%	9.4%	8.4%	10.9%	12.5%

## Balance sheet

FY to 31/12 (EUR)	12/15	12/16	12/17	12/18	12/19	12/20	12/21	12/22E	12/23E	12/24E
Cash and cash equivalents	97.7	161.5	214.8	110.0	93.9	209.0	219.7	299.8	304.2	313.0
Inventories	101.0	105.4	107.3	128.4	126.1	139.1	150.1	173.6	177.9	187.8
Accounts receivable	118.4	123.2	128.0	96.1	102.6	126.4	119.0	137.6	141.1	148.9
Other current assets	1.1	0.5	0.4	0.7	1.4	2.9	6.2	6.2	6.2	6.2
<b>Current assets</b>	<b>318.2</b>	<b>390.6</b>	<b>450.5</b>	<b>335.2</b>	<b>324.0</b>	<b>477.4</b>	<b>495.0</b>	<b>617.2</b>	<b>629.3</b>	<b>655.8</b>
Tangible assets	55.9	61.8	63.2	80.7	113.1	121.2	116.7	116.2	115.9	115.4
Goodwill	0.0	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	238.1	248.3	248.5	248.7
Financial assets	18.1	14.9	11.7	13.1	12.6	7.0	7.9	7.9	7.9	7.9
Other non-current assets	29.7	31.9	33.4	39.0	41.2	45.9	75.1	75.1	75.1	75.1
<b>Non-current assets</b>	<b>182.2</b>	<b>200.7</b>	<b>196.6</b>	<b>290.9</b>	<b>340.0</b>	<b>402.8</b>	<b>437.8</b>	<b>447.5</b>	<b>447.4</b>	<b>447.1</b>
Short term debt	25.3	25.2	26.6	33.1	22.8	46.5	39.4	39.4	39.4	39.4
Accounts payable	178.4	181.7	187.0	159.1	151.1	189.9	230.3	266.3	273.0	288.1
Other short term liabilities	1.8	3.7	4.1	1.4	6.0	26.7	12.9	12.9	12.9	12.9
<b>Current liabilities</b>	<b>205.5</b>	<b>210.6</b>	<b>217.7</b>	<b>193.6</b>	<b>179.9</b>	<b>263.1</b>	<b>282.6</b>	<b>318.6</b>	<b>325.3</b>	<b>340.4</b>
Long term debt	49.1	133.1	179.3	169.1	193.5	309.5	303.8	408.8	408.8	408.8
Pension provisions	14.6	16.7	16.4	17.4	18.3	16.8	14.6	14.6	14.6	14.6
IFRS16 Debt	0.0	0.0	0.0	0.0	26.4	38.1	31.9	31.9	31.9	31.9
Other long term provisions	0.0	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	32.6	32.6	32.6	32.6
<b>Non-current liabilities</b>	<b>72.5</b>	<b>153.4</b>	<b>199.5</b>	<b>195.3</b>	<b>251.7</b>	<b>384.7</b>	<b>382.9</b>	<b>487.9</b>	<b>487.9</b>	<b>487.9</b>
Shareholders' equity	219.3	227.3	229.9	237.2	232.4	233.2	267.4	258.3	263.6	274.7
Minority interests	3.1	0.0	0.0	0.0	0.0	-0.8	-0.6	-0.6	-0.6	-0.6
<b>Total equity</b>	<b>222.4</b>	<b>227.3</b>	<b>229.9</b>	<b>237.2</b>	<b>232.4</b>	<b>232.4</b>	<b>266.8</b>	<b>257.7</b>	<b>263.0</b>	<b>274.1</b>
<b>Balance sheet total</b>	<b>500.4</b>	<b>591.3</b>	<b>647.1</b>	<b>626.1</b>	<b>664.0</b>	<b>880.2</b>	<b>932.3</b>	<b>1,064.2</b>	<b>1,076.2</b>	<b>1,102.4</b>
% Change		18.2%	9.4%	-3.2%	6.1%	32.6%	5.9%	14.2%	1.1%	2.4%
Book value per share (EUR)	11.18	9.90	9.93	10.16	10.16	10.21	11.34	10.95	11.18	11.65
% Change		-11.4%	0.3%	2.3%	0.0%	0.5%	11.1%	-3.4%	2.1%	4.2%
Net financial debt	-23.3	-3.2	-8.9	92.2	122.4	147.0	123.5	148.4	144.0	135.2
IFRS16 Debt	0.0	0.0	0.0	0.0	26.4	38.1	31.9	31.9	31.9	31.9
Pension provisions	14.6	16.7	16.4	17.4	18.3	16.8	14.6	14.6	14.6	14.6
Others	0.0	0.0	0.0	0.0	0.0	-20.3	-6.7	0.0	0.0	0.0
Net debt	-8.7	13.5	7.5	109.6	167.1	181.6	163.3	194.9	190.5	181.7
Net fi. debt (+IFRS16) / EBITDA (x)	-0.6	-0.1	-0.2	1.5	2.5	1.8	2.1	2.7	2.4	2.1
Trade working capital	41.0	46.9	48.3	65.4	77.6	75.6	38.8	44.9	46.0	48.5
Net working capital	40.3	43.7	44.6	64.7	73.0	51.8	32.1	38.2	39.3	41.8
NWC/Sales	8.1%	8.6%	8.4%	11.3%	11.7%	6.3%	4.4%	5.1%	5.1%	5.2%
Inventories/sales	20.3%	20.8%	20.1%	22.4%	20.1%	16.9%	20.4%	23.2%	23.2%	23.2%
Invested capital	174.7	197.6	196.1	303.5	359.2	401.7	386.9	402.7	403.7	405.9
Net fin. debt / FCF (x)	-1.3	-0.2	-0.5	-9.3	1,224.0	2.5	2.4	6.3	4.8	3.8
Gearing (%)	-10.5%	-1.4%	-3.9%	38.9%	52.7%	63.3%	46.3%	57.6%	54.8%	49.3%
Goodwill / Equity (%)	0.0%	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
Buy	59%	67%
Hold	32%	26%
Reduce	5%	0%
Not Rated/Under Review/Accept Offer	4%	7%
Total	100%	100%

Source: Kepler Cheuvreux

A: % of all research recommendations

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

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Company Name	Date	Business Line	Rating	Target Price	Closing Price
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Credit research does not issue target prices. Left intentionally blank.

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### Equity research

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**Hold:** The expected upside is below 10% (the expected upside could be higher in light of the company's risk profile).

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**Accept offer:** In the context of a total or partial take-over bid, squeeze-out or similar share purchase proposals, the offer price is considered to be fairly valuing the shares.

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