



Chargeurs Hold

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France | Support services

MCap: EUR293.3m

Target Price: EUR12.00
Current Price: EUR12.12
Up/downside: -1.0%
Market data: 04 September 2024

Bloomberg: CRI FP
Free float 32%
Avg. daily volume (EURm) 0.1
YTD abs performance 3.8%
52-week high/low (EUR) 13.30/6.40
Reuters: CRIP.PA

Operating rebound confirmed in H1

Key points:

- Positive revenue growth across all business divisions in Q2 and H1.
- Sales growth (+9% in Q2) in line with forecasts.
- Recovery at Novacel confirmed, with a marked acceleration in the second quarter (+12% in Q2 after +2% in Q1).
- As expected, profit up by double digits driven by volume recovery at Novacel and process/industrial optimisation in other divisions.
- Solid cash flow generation supported by EBITDA growth and WCR optimisation.
- Deleveraging in progress. Leverage reduced to 4.3x (vs. 5.0x end of 2023). Company reiterated its target of 3.5x by the end of 2024. Deleveraging is a priority for the group says management.
- The company aims to resume dividend payments in 2024.
- Conference all this morning at 9:00 am.
- We expect the share price to be supported by the confirmed recovery at Novacel.

First take

- Sales growth amounted to +9% in H1 at EUR374m (+11% LFL), in line with our estimates (KECH: EUR369m).
- EBITDA up 21% and EBIT, adj. up 34% mostly driven by Novacel (operating leverage on stronger volume), and to a lesser extent, progress made by Fashion Technologies and Museum Studio to streamline its production and supply chain.
- Net profit negative at EUR-3.5m versus positive net profit of EUR2.1m last year, penalised by higher taxes and non-recurring items in relation with the tender offer in the spring. The company expects a turnaround in net profit as of H2.

Table 1: Sales

	Q2 24	Q2 23	Change YOY	KECH	vs. KECH
Advanced Materials	86	76	13%	80	7%
Fashion Technologies	50	49	1%	47	6%
Luxury Fibers	20	19	8%	23	-14%
Museum Studio	38	33	+15%	40	-5%
Personal Goods	3	3	11%	3	0%
Group	197	179	9%	194	2%

Source: Kepler Cheuvreux

Table 2: H1 results

	H1-24	H1-23	Change YOY	KECH	vs. KECH
Revenue	374	345	9%	369	1%
EBITDA	30	25	21%	29	2%
as a % of sales	7.9%	7.1%		7.8%	
EBIT adj.	17	13	34%	18	-4%
as a % of sales	4.5%	3.7%		4.8%	
Net profit	-4	2	NA	3	NA

Source: Kepler Cheuvreux

Appendix 1: Research framework

Last model update: 27 August 2024

Investment case

- Chargeurs is an industrial conglomerate with world-leading positions in niche markets that are worth EUR0.5-1.0bn (e.g. protective films, interlinings, services to museums).
- Chargeurs' leadership in its respective markets is based on top-notch production facilities and a premium offering (high share of innovative/sustainable products and value-added services).
- CEO and reference shareholder Mickael Fribourg has the ambition to increase the group's footprint in the luxury/B2C segment. Talks are ongoing for a potential acquisition that could improve investors' visibility on the group's vision/strategy and act as a catalyst for a re-rating of shares.

Catalysts

- Ramp-up of Museum Studio.
- Volume recovery in Advanced materials as a driver for sales and profitability.
- Industrial optimisation, premiumisation, and innovation to maintain leadership.

Valuation Methodology

- Discounted cash flow (9.5% WACC, 2% g, 5.0% long term EBIT margin).
- Sum-of-the-parts: 8x EV/EBIT multiple on traditional activities ("Technology") on 2024 estimates and 13x EV/EBIT multiple on luxury activities.

Risk to our rating

- Economic cycle.
- M&A execution.

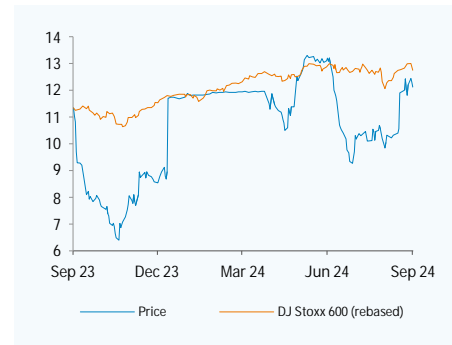
Appendix 2: Company description

Chargeurs is an industrial conglomerate that has established world-leading positions in niche markets (protective films, interlinings, premium wool trading, services to museums).

Mgmt Michaël Fribourg, CEO | Olivier Buquen, Deputy CEO | Jérôme Angin, CFO

Ownership Free float: 32.42% | Groupe Familial Fribourg: 67.58%

Appendix 3: share price perf.



Appendix 4: SWOT analysis

Strengths

- Leadership in niche markets on a global scale (four world leaders).
- Premium positioning and high-tech industrial assets.
- Management with long-term vision and entrepreneurial approach.
- Cashflow-generating businesses.

Opportunities

- New activities with growth potential (Museum Studio, Personal Goods).
- Growing demand for ecologically produced fibres (Nativa).
- Recovery of demand/volume for industrial films in early 2024.
- The acquisition of Cilander strengthens the offering in high-end textiles.

Weaknesses

- Exposed to economic downturns (construction, industry, retail).
- A portfolio of assets composed of various businesses with no synergies.
- Lack of scale and global brand awareness in quiet luxury.

Threats

- Cyclicity of traditional activities (films, textiles).
- Little room for innovation in protective films.
- High transaction prices for quality luxury assets (M&A).

Appendix 5: Key financials

Last model update: 27 August 2024

Market data date: 04 September 2024

FY to 31/12 (EUR)	12/17	12/18	12/19	12/20	12/21	12/22	12/23	12/24E	12/25E	12/26E
Income Statement (EURm)										
Sales	533.0	573.3	626.1	822.0	736.6	733.9	653.2	721.9	762.4	799.0
% Change	5.3%	7.6%	9.2%	31.3%	-10.4%	-0.4%	-11.0%	10.5%	5.6%	4.8%
EBITDA adjusted	54.6	59.8	59.9	102.4	73.8	67.8	46.9	56.0	63.8	69.9
EBITDA adj. margin (%)	10.2%	10.4%	9.6%	12.5%	10.0%	9.2%	7.2%	7.8%	8.4%	8.7%
EBIT adjusted	44.4	49.0	41.4	79.3	50.7	46.1	26.6	34.7	41.5	46.5
EBIT adj. margin (%)	8.3%	8.5%	6.6%	9.6%	6.9%	6.3%	4.1%	4.8%	5.4%	5.8%
Net financial items & associates	-8.3	-8.7	-10.2	-6.6	-7.9	-13.6	-22.0	-20.3	-20.3	-20.3
Others	-1.0	-1.8	-1.7	-4.6	-2.0	-5.2	-8.0	-8.0	-8.0	-8.0
Tax	-4.0	-5.1	-4.9	-4.3	-0.5	2.4	11.1	0.0	0.0	0.0
Net profit from continuing operations	25.2	26.6	15.0	38.4	31.7	23.1	3.1	1.4	8.2	13.2
Net profit from discontinuing 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	25.2	26.6	15.0	38.4	31.7	23.1	3.1	1.4	8.2	13.2
Net profit reported	25.2	26.6	15.0	39.1	31.5	23.3	3.4	1.4	8.2	13.2
Net profit adjusted	25.2	26.6	15.0	39.1	31.5	23.3	3.4	1.4	8.2	13.2
Cash Flow Statement (EURm)										
Levered post tax CF before capex	30.7	14.4	25.4	71.1	65.8	-6.2	-13.8	26.8	26.8	33.2
Capex	-13.6	-24.3	-25.3	-14.9	-13.0	-10.8	-19.2	-14.4	-15.2	-16.0
Free cash flow	17.1	-9.9	0.1	56.2	52.8	-17.0	-33.0	12.3	11.5	17.2
Acquisitions & divestments	-4.3	-66.0	-9.4	-62.0	-3.9	-12.3	-9.8	0.0	0.0	0.0
Dividend paid	-6.6	-10.8	-8.6	-5.9	-17.7	-17.9	-8.6	0.0	0.0	-6.0
Others	-0.5	-14.4	-12.4	-14.8	-7.3	-20.9	-12.9	-9.2	-9.2	-9.2
Change in net financial debt	-5.7	101.1	30.3	26.5	-23.9	68.1	64.3	-3.1	-2.3	-2.0
Balance Sheet (EURm)										
Intangible assets	88.3	158.1	173.1	228.7	238.1	276.0	270.3	272.7	276.2	279.8
Tangible assets	63.2	80.7	113.1	121.2	116.7	113.9	105.0	104.9	104.5	103.8
Financial & other non-current assets	45.1	52.1	53.8	52.9	83.0	73.2	124.7	124.7	124.7	124.7
Total shareholders' equity	229.9	237.2	232.4	232.4	266.8	279.9	252.4	254.1	262.6	270.1
Pension provisions	16.4	17.4	18.3	16.8	14.6	12.6	12.4	12.4	12.4	12.4
Liabilities and provisions	400.8	371.5	413.3	631.0	650.9	592.7	592.4	584.2	594.2	603.3
Net debt	7.5	109.6	167.1	181.6	155.8	217.3	268.1	265.0	262.7	260.7
Net financial debt	-8.9	92.2	122.4	147.0	124.0	193.3	272.4	269.3	267.0	265.0
IFRS 16 debt	0.0	0.0	26.4	38.1	31.9	30.0	20.1	20.1	20.1	20.1
Net working capital	44.6	64.7	73.0	51.8	32.1	76.3	86.1	82.4	86.4	90.1
Invested capital	196.1	303.5	359.2	401.7	386.9	466.2	461.4	460.0	467.1	473.6
Per share data (EUR)										
EPS adjusted	1.09	1.14	0.66	1.71	1.34	0.97	0.14	0.06	0.34	0.55
EPS adj and fully diluted	1.09	1.14	0.66	1.71	1.32	0.96	0.14	0.06	0.34	0.55
% Change	-0.1%	4.7%	-42.4%	161.0%	-22.7%	-27.7%	-85.3%	-59.4%	494.3%	61.6%
EPS reported	1.09	1.14	0.66	1.71	1.34	0.97	0.14	0.06	0.34	0.55
Cash flow per share	1.33	0.62	1.11	3.11	2.79	-0.26	-0.57	1.11	1.11	1.37
Book value per share	9.93	10.16	10.16	10.21	11.34	11.61	10.44	10.50	10.86	11.17
Dividend per share	0.60	0.67	0.40	1.32	1.24	0.76	0.00	0.00	0.25	0.40
Number of shares, YE (m)	23.16	23.35	22.88	22.85	23.59	24.10	24.20	24.20	24.20	24.20
Ratios										
ROE (%)	11.0%	11.4%	6.4%	16.8%	12.6%	8.5%	1.3%	0.5%	3.2%	5.0%
ROIC (%)	19.5%	16.4%	9.5%	18.9%	12.6%	12.1%	-2.5%	7.5%	9.0%	9.9%
ND(F+IFRS16) / EBITDA (x)	-0.2	1.5	2.5	1.8	2.1	3.3	6.2	5.2	4.5	4.1
Gearing (%)	-3.9%	38.9%	52.7%	63.3%	46.5%	69.1%	107.9%	106.0%	101.7%	98.1%
Valuation										
P/E adjusted	20.9	20.3	26.7	9.3	17.3	17.4	84.0	na	35.8	22.1
P/E adjusted and fully diluted	21.0	20.3	26.7	9.3	17.5	17.6	84.0	na	35.8	22.1
P/BV	2.3	2.3	1.7	1.6	2.0	1.5	1.1	1.2	1.1	1.1
P/CF	17.2	37.4	15.8	5.1	8.3	na	na	11.0	11.0	8.8
Dividend yield (%)	2.6%	2.9%	2.3%	8.3%	5.4%	4.5%	0.0%	0.0%	2.1%	3.3%
FCF yield (%)	3.2%	-1.8%	0.0%	15.5%	9.7%	-4.2%	-11.6%	4.2%	3.9%	5.9%
EV/Sales	1.0	1.1	0.9	0.7	0.9	0.8	0.8	0.8	0.7	0.7
EV/EBITDA adj.	9.6	10.6	9.3	5.2	9.4	9.1	11.7	9.9	8.6	7.8
EV/EBIT adj.	11.8	13.0	13.4	6.8	13.6	13.4	20.6	15.9	13.3	11.8

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Total	100%	100%

Source: Kepler Cheuvreux

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	15/02/2024 06:42	Equity Research	Accept Offer	12.00	11.90
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