

Holding Companies / France

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## Earnings/sales releases

29/08/2011

### Fact

For H1 11, Chargeurs reported a 13.6% increase yoy in revenues to €290.7m, mainly due to a price effect of 10.4%. Operating income amounted to €14.6m +15% driven by volumes, mix and pricing power (the group succeeded in passing on price increases to compensate for the rise in the price of raw materials). The company achieved net income of €7.2m which was a c.6% increase compared to the same period last year (including €1.1m relative to financial restructuring initiated in H1 10). As a consequence of the WCR requirement +€16.8m, net debt was €68.1m at end-June, i.e. a €5.5m increase (as a reminder net debt is deflated thanks to €64.6m factored in for 2010 and €73.1m at the end of H1 11). For FY 11, management highlighted the lack of visibility on the macro-economic environment and thus did not provide any financial target.

### Analysis

A good start to the year, but the group is much more cautious on the next few months. Given progress in July-August period (revenues +€80m), our latest expectations in terms of top-line growth seems achievable. At mid-August, raw material prices are actually on a downward trend but they remain significantly above 2010 levels. Moreover, we have no visibility on the group's pricing power: higher costs could threaten the group's profitability: the time lag between cost increases and the rise in selling prices and resistance from customers.

### Impact

Our upward EBITDA revision is offset by increasing WCR. But, overall, no major changes to our target price.

AlphaValue is contracted by Chargeurs to provide equity research on Chargeurs, using AlphaValue's unique and transparent methods and procedures. Target price and opinion are thus exclusively determined by those methods and procedures.

### Buy

Upside : 107 %

Target Price (6 months)	€ 8.69
Share Price	€ 4.20
Market Capitalisation €M	55.1
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	3.68 ▶ 6.01
Newsflow	Neutral
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

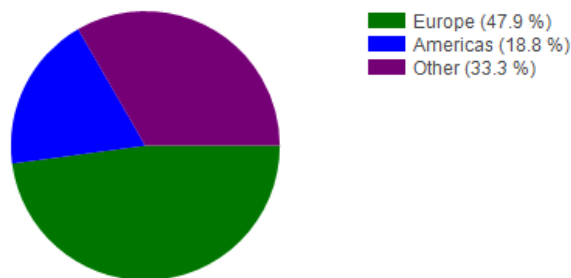

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PERF	1w	1m	3m	12m
Chargeurs	8.25 %	-16.8 %	-26.4 %	-13.4 %
Other financials	2.40 %	-17.0 %	-20.1 %	-6.21 %
DJ STOXX 600	1.07 %	-15.6 %	-18.6 %	-9.67 %

Last updated: 29/08/2011	12/09A	12/10A	12/11E	12/12E
Adjusted P/E (x)	-1.56	6.16	7.71	6.91
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA (x)	6.62	4.50	3.93	3.74
Adjusted EPS (€)	-3.41	0.72	0.54	0.61
Growth in EPS (%)			-24.2	11.5
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	452	512	540	558
Operating result margin (%)	-4.34	4.16	4.59	4.63
Attributable net profit (€M)	-45.9	12.9	11.7	13.2
ROE (after tax) (%)	-28.6	8.80	6.95	7.74
Gearing (%)	67.2	49.0	46.2	46.0

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## Sales by Geography



## Consolidated P&L Account

		12/10A	12/11E	12/12E
Sales	€M	512	540	558
Change in sales	%	13.3	5.47	3.25
Change in staff costs	%	-1.37	3.52	3.48
EBITDA	€M	28.9	36.3	38.3
<b>EBITDA margin</b>	<b>%</b>	<b>6.78</b>	<b>7.80</b>	<b>7.91</b>
Depreciation	€M	-9.10	-9.50	-9.90
Underlying operating profit	€M	18.8	25.8	27.1
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>21.3</b>	<b>24.8</b>	<b>25.8</b>
Net financial expense	€M	-9.90	-11.0	-10.2
of which related to pensions	€M		-0.35	-0.51
Exceptional items & other	€M			
Corporate tax	€M	1.60	-2.40	-2.70
Equity associates	€M	0.20	0.50	0.70
Minority interests	€M	-0.10	-0.20	-0.40
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>11.2</b>	<b>11.7</b>	<b>13.2</b>
NOPAT	€M	13.9	18.1	19.1

## Cashflow Statement

EBITDA	€M	28.9	36.3	38.3
Change in WCR	€M	-6.90	-12.1	-7.00
Actual div. received from equity holdi...	€M	0.30	0.70	0.50
Paid taxes	€M		-2.40	-2.70
Exceptional items	€M	0.00	0.00	0.00
Other operating cash flows	€M	-21.5	-17.0	-15.0
Total operating cash flows	€M	0.80	5.50	14.1
Capital expenditure	€M	-5.80	-6.20	-6.00
Total investment flows	€M	-7.20	-6.20	-6.00
Net interest expense	€M	-9.90	-11.0	-10.2
Dividends (parent company)	€M	0.00	0.00	0.00
Dividends to minorities interests	€M	0.00	-0.20	-0.40
New shareholders' equity	€M	5.10	0.60	1.20
Total financial flows	€M	20.3	-13.7	-10.9
Change in cash position	€M	18.1	-14.4	-2.78
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-14.9</b>	<b>-11.7</b>	<b>-2.08</b>

## Per Share Data

No. of shares net of treas. stock (year...)	Mio	12.8	13.0	13.6
Number of diluted shares (average)	Mio	15.9	21.5	21.8
<b>Benchmark EPS</b>	<b>€</b>	<b>0.72</b>	<b>0.54</b>	<b>0.61</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€12.7	55 %	● Akzo Nobel
Dividend Yield	€0.00	20 %	● Rhodia
DCF	€9.01	10 %	● Wendel
P/E	€4.07	10 %	● Bolloré
P/Book	€7.81	5 %	● Eurazeo
TARGET PRICE	€8.69	100 %	● Groupe Bruxelles L...
			● Hal Trust
			● Sonae

### DCF Calculation

### NAV/SOTP Calculation

## Balance Sheet

		12/10A	12/11E	12/12E
Goodwill	€M	65.8	61.7	61.7
Tangible fixed assets	€M	59.4	55.5	51.0
Financial fixed assets	€M	18.3	16.9	16.9
WCR	€M	61.9	74.0	81.0
Other assets	€M	34.3	44.0	40.0
Total assets (net of short term liab.)	€M	260	267	266
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>168</b>	<b>169</b>	<b>173</b>
Quasi Equity & Preferred	€M			
Minority interests	€M	6.70	6.70	6.70
Provisions for pensions	€M	10.0	10.2	10.3
Other provisions for risks and liabilities	€M	8.40	10.0	10.0
Total provisions for risks and liabilities	€M	18.4	20.2	20.3
Tax liabilities	€M	-17.7	-20.0	-22.0
Other liabilities	€M	10.0	10.2	10.0
<b>Net debt (cash)</b>	<b>€M</b>	<b>75.1</b>	<b>81.0</b>	<b>77.8</b>
Total liab. and shareholders' equity	€M	260	267	266

## Capital Employed

Capital employed after depreciation	€M	228	233	236
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## Profits & Risks Ratios

<b>ROE (after tax)</b>	%	<b>8.80</b>	<b>6.95</b>	<b>7.74</b>
ROCE	%	7.88	9.51	9.84
<b>Gearing (at book value)</b>	<b>%</b>	<b>49.0</b>	<b>46.2</b>	<b>46.0</b>
Adj. Net debt/EBITDA(R)	x	2.67	2.40	2.22
Interest cover (x)	x	1.90	2.42	2.80

## Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>6.16</b>	<b>7.71</b>	<b>6.91</b>
Free cash flow yield	%	-26.4	-21.4	-3.65
P/Book	x	0.34	0.32	0.33
<b>Dividend yield</b>	<b>%</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## AlphaValue EV Calculation

Market cap	€M	56.5	54.6	57.0
+ Provisions	€M	18.4	20.2	20.3
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	75.1	81.0	77.8
+ Leases debt equivalent	€M	17.7	20.0	20.0
- Financial fixed assets (fair value)	€M	18.3	16.9	16.9
+ Minority interests (fair value)	€M	6.70	6.70	6.70
= EV	€M	156	166	165
<b>EV/EBITDA</b>	<b>x</b>	<b>4.50</b>	<b>3.93</b>	<b>3.74</b>
EV/Sales	x	0.30	0.31	0.30

Analyst : Véronique Colas, Changes to Forecasts : 29/08/2011.