



Chargeurs

Holding Companies / France

Strategic move towards museum servicing fully established

M&A /Corp. Action - 28/01/2020

Chargeurs has taken a major step towards its goal of establishing global businesses in niche markets through the acquisition of D&P Incorporated, the US market leader in museum services. The strategic addition will fall under the revamped Museum Solutions division (ex-Technical Substrates), which is set to reach its €100m sales target well ahead of schedule.

Fact

- Chargeurs signed the agreement to fully acquire the American leader in the museum services sector, D&P Incorporated.
- The company is expected to generate revenues of \$45m in 2020, and counts with a signed order book of c.\$50m.
- The newly renamed Museum Solutions division is set to surpass the €100m revenue target following the addition of D&P.
- The acquisition price was not disclosed by the group, and the net/EBITDA ratio will stand below 3x following the transaction.

Analysis

What was at the outset primarily an industrial affair, the production of technical substrates, has seen the unexpected transformation into a one-stop shop solution for museum services and exhibitions. The incursion into the US market through the acquisition of D&P Incorporated marks a major step in Chargeurs' quest for high-growth global businesses in niche markets. The strategic pivot was cemented by renaming the Technical Substrates division to reflect the management's new ambitions.

As the US-market leader, D&P benefits from a sizeable footprint in the country with key customers, among which the Smithsonian Institution and a number of presidential and military museums. This has allowed the company to secure an order book of \$50m and an unsigned 'potential' order list of closer to c.\$100m. Regarding profitability, the group expects an operating margin above 10% and c.\$5m in recurring cash flow per year.

With D&P being over twice the size of the second largest player, the growth potential may best come from the consolidation of this fragmented niche market. With this new addition, the newly created Chargeurs Museum Solutions is set to surpass €100m in full-year revenues, a year ahead of schedule, and attain 20% market share according to the management.

Impact

We will include the acquisition of D&P into our NAV estimates. As our DCF assumptions have already factored in a c.€100m increase in revenue from acquired growth, the impact on our valuation will stem from the expected profitability, an operating margin of 10%, compared to our base assumptions.



Jorge VELANDIA

otherfinancials@alphavalue.eu

+33 (0) 1 70 61 10 50

cs.alphavalue.com

This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Buy	Upside: 75.9%
Target Price (6 months)	€ 31.5
Share Price	€ 17.9
Market Cap. €M	413
Price Momentum	STRONG
Extremes 12Months	14.9 ▶ 21.0
Bloomberg	CRI FP Equity
Reuters	CRIP.PA



[Download Full Analysis](#)

[Company Page](#)

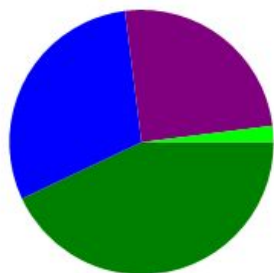


PERF	1w	1m	3m	12m
Chargeurs	-2.29%	6.67%	14.2%	-4.54%
Other financials	-1.76%	-0.30%	5.40%	30.4%
STOXX 600	-2.34%	-1.35%	4.04%	15.7%

Last updated: 28/01/2020	12/18A	12/19E	12/20E	12/21E
Adjusted P/E (x)	16.9	22.3	13.9	11.1
Dividend yield (%)	3.46	4.14	4.75	5.03
EV/EBITDA(R) (x)	9.11	10.4	7.77	6.48
Adjusted EPS (€)	1.15	0.81	1.28	1.61
Growth in EPS (%)	5.33	-29.1	57.9	25.5
Dividend (€)	0.67	0.75	0.85	0.90
Sales (€M)	573	631	776	973
Underlying operat. profit ma...	8.55	7.03	8.39	8.89
Attributable net profit (€M)	26.6	18.7	32.0	43.4
ROE (after tax) (%)	11.4	7.63	10.2	11.0
Gearing (%)	17.6	52.7	40.4	36.4

[Company Valuation](#) - [Company Financials](#)

Sales by Geography



Europe	(43.0%)
Americas	(30.0%)
Asia	(25.0%)
Other	(2.0%)

Consolidated P&L Accounts

		12/18A	12/19E	12/20E
Sales	€M	573	631	776
Change in sales	%	7.56	10.1	23.0
Change in staff costs	%	33.9	11.5	20.4
EBITDA	€M	59.8	57.2	80.1
EBITDA(R) margin	%	10.4	9.06	10.3
Depreciation	€M	-10.8	-12.8	-15.0
Underlying operating profit	€M	48.1	42.4	61.6
Operating profit (EBIT)	€M	42.2	31.5	49.6
Net financial expense	€M	-10.6	-12.2	-15.3
of which related to pensions	€M	-0.30	-0.14	-0.22
Exceptional items & other	€M			
Corporate tax	€M	-5.08	-1.05	-2.80
Equity associates	€M	0.10	0.50	0.50
Minority interests	€M	0.00	0.00	0.00
Adjusted attributable net profit	€M	26.6	18.7	32.0
NOPAT	€M	34.0	30.3	43.8

Cashflow Statement

		12/18A	12/19E	12/20E
EBITDA	€M	59.8	57.2	80.1
Change in WCR	€M	-22.5	-13.3	-5.00
Actual div. received from equity holdi...	€M	0.00	0.50	0.50
Paid taxes	€M	-6.00	-1.05	-2.80
Exceptional items	€M			
Other operating cash flows	€M	-8.40	-5.00	-5.00
Total operating cash flows	€M	22.9	38.3	67.8
Capital expenditure	€M	-24.3	-20.0	-17.0
Total investment flows	€M	-90.3	-90.0	-87.0
Net interest expense	€M	-10.6	-12.2	-15.3
Dividends (parent company)	€M	-10.8	-15.6	-17.5
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	-10.2	0.00	100
Total financial flows	€M	-42.6	-38.0	62.4
Change in cash position	€M	-110	-89.7	43.3
Free cash flow (pre div.)	€M	-12.0	6.11	35.5

Per Share Data

		12/18A	12/19E	12/20E
No. of shares net of treas. stock (year...	Mio	23.1	23.0	27.0
Number of diluted shares (average)	Mio	23.2	23.0	25.0
Benchmark EPS	€	1.15	0.81	1.28
Restated NAV per share	€			
Net dividend per share	€	0.67	0.75	0.85

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 31.1	55%	■ Ackermans & van H...
Dividend Yield	€ 33.7	20%	■ Wacker Chemie
DCF	€ 38.6	10%	■ AkzoNobel
P/E	€ 27.7	10%	■ Solvay
P/Book	€ 20.0	5%	■ Bolloré
TARGET PRICE	€ 31.5	100%	■ GBL
			■ Sonae
			■ Hal Trust

NAV/SOTP Calculation

Balance Sheet

		12/18A	12/19E	12/20E
Goodwill	€M	128	202	248
Total intangible	€M	158	204	250
Tangible fixed assets	€M	80.7	113	136
Financial fixed assets	€M	13.1	15.0	20.0
WCR	€M	41.7	55.0	60.0
Other assets	€M	23.0	30.0	32.0
Total assets (net of short term liab.)	€M	324	421	504
Ordinary shareholders' equity	€M	237	253	376
Quasi Equity & Preferred	€M			
Minority interests	€M	0.00	0.00	0.00
Provisions for pensions	€M	17.4	17.6	17.8
Other provisions for risks and liabilities	€M	0.50	1.00	5.00
Total provisions for risks and liabilities	€M	17.9	18.6	22.8
Tax liabilities	€M	-27.2	-30.0	-30.0
Other liabilities	€M	3.50	5.00	5.00
Net debt (cash)	€M	92.2	175	129
Total liab. and shareholders' equity	€M	324	421	504

Capital Employed

		12/18A	12/19E	12/20E
Capital employed after depreciation	€M	294	387	467

Profits & Risks Ratios

		12/18A	12/19E	12/20E
ROE (after tax)	%	11.4	7.63	10.2
ROCE	%	11.6	7.81	9.39
Gearing (at book value)	%	17.6	52.7	40.4
Adj. Net debt/EBITDA(R)	x	1.54	3.05	1.61
Interest cover (x)	x	4.67	3.55	4.12

Valuation Ratios

		12/18A	12/19E	12/20E
Reference P/E (benchmark)	x	16.9	22.3	13.9
Free cash flow yield	%	-2.69	1.47	7.37
P/Book	x	1.88	1.64	1.28
Dividend yield	%	3.46	4.14	4.75

EV Calculation

		12/18A	12/19E	12/20E
Market cap	€M	447	416	482
+ Provisions	€M	17.9	18.6	22.8
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	92.2	175	129
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M	16.0	16.0	16.0
+ Minority interests (fair value)	€M	4.00	4.00	4.00
= EV	€M	545	597	623
EV/EBITDA(R)	x	9.11	10.4	7.77
EV/Sales	x	0.95	0.95	0.80

Analyst : Jorge Velandia, Changes to Forecasts : 28/01/2020.