



Chargeurs

Holding Companies / France

Restocking effect uplifts our FY21-22 view on CPF

2025 objectives raise organic growth ambitions - 29/04/2021

Change in Target Price

€ 34.2 vs 30.0 **+14.0%**

The valuation increases across the different valuation metrics result in a 14.0% higher target price, pushing us further in our Buy recommendation. Chargeurs Protective Films' strategic positioning and operational strengths stands to benefit from the supportive trading environment as global supply chains are subjected to the inventory rebuilding trend, as demonstrated by high raw material prices and limited transport and freight capacity worldwide. Moreover, based on the still challenging pandemic situation, 2021 is proving to be another exceptional year for the PPE market and thus for CHS, which contributes to our bullish scenario.

Change in EPS

2021 : € 1.21 vs 0.68 **+78.9%**
2022 : € 1.33 vs 1.07 **+25.1%**

The significant upgrade in our FY21-22 EPS forecasts is driven by: 1) improved revenue and margin expectations for the Protective Films division, from €285m previously to €385m and a recurring operating margin of 11.0% versus 7.9% in our previous estimates. We see a very supportive trading environment as the rapid recovery of the industrial activity and low inventory levels post-pandemic put CPF in a prime position to leverage the strong demand of industrial goods and construction materials, with margins benefiting from the division's high-end product portfolio and state-of-the-art production capacity.

2) Higher top-line expectations for CHS, reaching €120m in FY21 versus €85m previously, as demand for PPE may be stronger than anticipated through Q2-Q3 in response to the recrudescence of the sanitary crisis in India, which puts the global efforts in curbing the pandemic under threat.

Based on these changes, we see our group recurring operating income forecast increasing from €40.2m to €66.61m in FY21, which puts us 61% above consensus estimates, and our FY21 EPS increasing from €0.68 per share to €1.21. For FY22, the gradual cool-down of this "restocking effect" should see CPF's revenues and margins normalising, but still coming above our previous forecasts.

Change in NAV

€ 39.6 vs 34.4 **+15.0%**

We have updated our estimated NAV by increasing the forward-looking EBITDA used in the valuation of the CPF division, which fully explains the increase in our estimated NAV.

Change in DCF

€ 38.4 vs 34.6 **+11.1%**

The rise in our DCF-based valuation is driven by the higher earnings expectations in FY21-22, with EBITDA reaching €77.7m in FY21 and rising to €95.6m by 2023 (compared to €90.9m in our previous scenario). We have maintained the rest of our assumptions stable.



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 : 47.3%

Target Price (6 months)	€ 34.2
Share Price	€ 23.2
Market Cap. €M	565
Price Momentum	STRONG
Extremes 12Months	12.4 ▶ 23.7
Bloomberg	CRI FP Equity
Reuters	CRIP.PA



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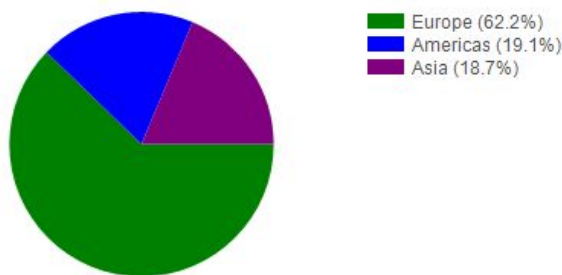


PERF	1w	1m	3m	12m
Chargeurs	1.22%	9.33%	28.9%	38.9%
Other financials	0.89%	6.06%	11.6%	42.4%
SXXR Index	0.83%	3.23%	9.91%	31.8%

Last updated: 29/04/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	9.00	19.2	17.4	14.9
Dividend yield (%)	8.34	2.16	2.80	3.23
EV/EBITDA(R) (x)	5.48	9.46	8.90	7.32
Adjusted EPS (€)	1.76	1.21	1.33	1.56
Growth in EPS (%)	167	-31.3	10.4	17.0
Dividend (€)	1.32	0.50	0.65	0.75
Sales (€M)	822	786	782	850
Underlying operat. profit ma...	9.65	8.48	8.10	8.72
Attributable net profit (€M)	41.0	28.1	31.2	36.8
ROE (after tax) (%)	17.5	12.1	12.9	13.1
Gearing (%)	75.7	93.0	76.7	58.8

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Sales by Geography



Consolidated P&L Accounts

	12/20A	12/21E	12/22E
Sales	€M 822	786	782
Change in sales	% 31.3	-4.43	-0.45
Change in staff costs	% 5.36	9.75	7.31
EBITDA	€M 102	77.7	80.9
EBITDA(R) margin	% 12.5	9.89	10.3
Depreciation	€M -20.6	-20.8	-19.9
Underlying operating profit	€M 79.3	53.6	57.5
Operating profit (EBIT)	€M 55.8	45.6	49.5
Net financial expense	€M -9.50	-10.5	-11.0
of which related to pensions	€M -0.30	-0.20	-0.28
Exceptional items & other	€M		
Corporate tax	€M -4.30	-7.53	-7.78
Equity associates	€M -1.70	0.50	0.50
Minority interests	€M 0.70	0.00	0.00
Adjusted attributable net profit	€M 40.3	28.1	31.2
NOPAT	€M 54.0	38.2	40.9

Cashflow Statement

	12/20A	12/21E	12/22E
EBITDA	€M 102	77.7	80.9
Change in WCR	€M 2.60	-0.70	1.66
Actual div. received from equity holdi...	€M 0.00	0.00	0.00
Paid taxes	€M -6.40	-7.53	-7.78
Exceptional items	€M		
Other operating cash flows	€M -14.6	-8.00	-8.00
Total operating cash flows	€M 84.0	61.5	66.8
Capital expenditure	€M -14.9	-16.5	-17.3
Total investment flows	€M -76.9	-26.5	-27.3
Net interest expense	€M -9.50	-10.5	-11.0
Dividends (parent company)	€M -5.90	-18.8	-6.61
Dividends to minorities interests	€M 0.00	0.00	0.00
New shareholders' equity	€M -0.10	0.00	0.00
Total financial flows	€M 111	-50.4	-46.6
Change in cash position	€M 115	-15.5	-7.15
Free cash flow (pre div.)	€M 59.6	34.5	38.5

Per Share Data

	12/20A	12/21E	12/22E
No. of shares net of treas. stock (year...)	Mio 23.1	23.3	23.5
Number of diluted shares (average)	Mio 22.9	23.2	23.4
Benchmark EPS	€ 1.76	1.21	1.33
Restated NAV per share	€		
Net dividend per share	€ 1.32	0.50	0.65

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
NAV/SOTP per share	€ 39.6	55%	■ Ackermans & van H...
Dividend Yield	€ 25.4	20%	■ Wacker Chemie
DCF	€ 38.4	10%	■ AkzoNobel
P/E	€ 26.9	10%	■ Solvay
P/Book	€ 15.6	5%	■ Bolloré
TARGET PRICE	€ 34.2	100%	■ GBL
			■ Sonae
			■ Hal Trust

NAV/SOTP Calculation

Balance Sheet

	12/20A	12/21E	12/22E
Goodwill	€M 191	197	204
Total intangible	€M 229	235	242
Tangible fixed assets	€M 83.1	90.1	97.1
Financial fixed assets	€M 7.00	7.00	7.00
WCR	€M 19.6	20.3	18.6
Other assets	€M 71.4	35.0	37.0
Total assets (net of short term liab.)	€M 456	435	450
Ordinary shareholders' equity	€M 237	225	259
Quasi Equity & Preferred	€M		
Minority interests	€M -0.80	0.00	0.00
Provisions for pensions	€M 16.8	18.2	18.4
Other provisions for risks and liabilities	€M 0.40	0.40	0.40
Total provisions for risks and liabilities	€M 17.2	18.6	18.8
Tax liabilities	€M -30.5	-30.0	-30.0
Other liabilities	€M 22.2	13.4	13.4
Net debt (cash)	€M 211	208	189
Total liab. and shareholders' equity	€M 456	435	450

Capital Employed

	12/20A	12/21E	12/22E
Capital employed after depreciation	€M 377	392	404

Profits & Risks Ratios

	12/20A	12/21E	12/22E
ROE (after tax)	% 17.5	12.1	12.9
ROCE	% 14.3	9.74	10.1
Gearing (at book value)	% 75.7	93.0	76.7
Adj. Net debt/EBITDA(R)	x 2.43	3.18	2.82
Interest cover (x)	x 8.62	5.20	5.36

Valuation Ratios

	12/20A	12/21E	12/22E
Reference P/E (benchmark)	x 9.00	19.2	17.4
Free cash flow yield	% 16.3	6.37	7.07
P/Book	x 1.54	2.40	2.11
Dividend yield	% 8.34	2.16	2.80

EV Calculation

	12/20A	12/21E	12/22E
Market cap	€M 366	541	544
+ Provisions	€M 17.2	18.6	18.8
+ Unrecognised actuarial losses/(gains)	€M 0.00	0.00	0.00
+ Net debt at year end	€M 173	169	149
+ Leases debt equivalent	€M 38.1	38.9	39.6
- Financial fixed assets (fair value)	€M 32.3	32.3	32.3
+ Minority interests (fair value)	€M 0.00	0.00	0.00
= EV	€M 562	735	720
EV/EBITDA(R)	x 5.48	9.46	8.90
EV/Sales	x 0.68	0.94	0.92

Analyst : Jorge Velandia, Changes to Forecasts : 29/04/2021.