



Chargeurs

Support Services / France

Adjustments to our FY 23-24 outlook following the H1 results

From an industrialist to a luxury player? - 16/09/2023

Change in EPS

2023 : € 0.39 vs 0.80	-51.8%
2024 : € 0.74 vs 1.20	-38.2%

We have revised our estimates for 2023 and 2024 downwards following H1 23. We were over-optimistic about top-line growth and now estimate sales of €702m with an underlying operating profit of 5%, compared with 6.1%. The downward revision comes mainly from the Chargeurs Advanced Materials division, where we were too enthusiastic about the prospects for a rebound in volumes in a macro-economic environment that remains unfavourable. We have also lowered our estimates for the Fashion Technologies division, which, despite the catch-up effect of the fashion and luxury goods sector, recorded a fall in sales in H1 due to the devaluation of the Argentinian peso. Top-line growth was also impacted by our downward revision of estimates for Chargeurs Luxury Fibers, whose growth was adversely affected by a cyclone in New Zealand. Lastly, our EPS forecasts were penalised by the rise in financial expenses in H1 23.

Change in NAV

€ 32.2 vs 41.1	-21.5%
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Given that we have based our NAV estimate on EV/EBITDA multiples with an average estimated EBITDA for 2023, 2024 and 2025, our downward revision of EBITDA particularly for Chargeurs Advanced Materials has penalised our NAV. We now value the division at around €300m, compared with €452m previously. The downward revision of the estimated EBITDA for Fashion Technology has also had a slight negative impact on our NAV. Lastly, the increase in net debt from €174.4m at the end of 2022 to €194.4m in H1 23 contributed to the fall in our NAV.

Change in DCF

€ 17.3 vs 26.3	-34.1%
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The sharp fall in our DCF comes from our downward revisions to the FY 23-24 EPS forecast (see EPS commentary). We expect revenues of €702m (vs. €789m) with an underlying profit of €35m for 2023 and revenues of €788m (vs. €872m) with an underlying operating profit of €49m (vs. €53m). In addition, as with NAV, the increase in estimated net debt weighs on our DCF.



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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 : 99.0%
Target Price (6 months)	€ 17.5
Share Price	€ 8.77
Market Cap. €M	220
Price Momentum	NEGATIVE
Extremes 12Months	8.77 ▶ 15.2
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

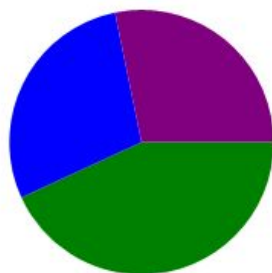
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PERF	1w	1m	3m	12m
Chargeurs	-5.60%	-17.7%	-27.4%	-27.7%
Support Services	0.88%	-0.13%	-1.66%	5.01%
SXXR Index	1.60%	1.56%	-0.09%	14.4%

Last updated: 16/09/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	18.3	22.7	11.8	6.76
Dividend yield (%)	4.51	7.75	11.6	18.2
EV/EBITDA(R) (x)	8.72	7.67	6.35	4.84
Adjusted EPS (€)	0.92	0.39	0.74	1.30
Growth in EPS (%)	-29.2	-58.1	92.3	74.7
Dividend (€)	0.76	0.68	1.02	1.60
Sales (€M)	746	702	788	871
Underlying operat. profit ma...	6.08	4.99	6.16	8.00
Attributable net profit (€M)	22.1	9.27	17.9	30.7
ROE (after tax) (%)	8.08	3.38	6.52	10.5
Gearing (%)	53.5	71.8	75.3	71.8

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

Sales by Geography



■ Europe (43.2%)
■ Americas (28.6%)
■ Asia (28.2%)

Consolidated P&L Accounts

	12/22A	12/23E	12/24E
Sales	€M 746	702	788
Change in sales	% 1.33	-5.95	12.2
Change in staff costs	% 6.99	5.45	5.40
EBITDA	€M 67.9	56.5	71.1
EBITDA(R) margin	% 9.10	8.05	9.02
Depreciation	€M -22.5	-22.0	-24.7
Underlying operating profit	€M 38.9	28.4	39.5
Operating profit (EBIT)	€M 38.5	23.4	34.5
Net financial expense	€M -19.1	-20.5	-16.2
of which related to pensions	€M	-0.23	-0.96
Exceptional items & other	€M		
Corporate tax	€M 2.50	5.69	-1.13
Equity associates	€M 0.00	0.70	0.70
Minority interests	€M 0.20	0.00	0.00
Adjusted attributable net profit	€M 22.1	9.27	17.9
NOPAT	€M 29.2	22.1	31.0

Cashflow Statement

	12/22A	12/23E	12/24E
EBITDA	€M 67.9	56.5	71.1
Change in WCR	€M -40.5	-10.7	-14.6
Actual div. received from equity holdi...	€M 0.00	0.00	0.00
Paid taxes	€M -4.00	5.69	-1.13
Exceptional items	€M		
Other operating cash flows	€M -15.9	-8.00	-8.00
Total operating cash flows	€M 7.50	43.5	47.4
Capital expenditure	€M -10.8	-18.7	-21.0
Total investment flows	€M -23.1	-28.7	-31.0
Net interest expense	€M -19.1	-20.5	-16.2
Dividends (parent company)	€M -17.9	-13.2	-13.3
Dividends to minorities interests	€M 0.00	0.00	0.00
New shareholders' equity	€M -3.90	0.00	0.00
Total financial flows	€M -81.7	-8.09	-31.5
Change in cash position	€M -97.3	6.73	-15.1
Free cash flow (pre div.)	€M -22.4	4.34	10.2

Per Share Data

	12/22A	12/23E	12/24E
No. of shares net of treas. stock (year...	Mio 24.0	24.0	24.2
Number of diluted shares (average)	Mio 24.0	24.0	24.1
Benchmark EPS	€ 0.92	0.39	0.74
Restated NAV per share	€		
Net dividend per share	€ 0.76	0.68	1.02

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 17.3	35%	● AkzoNobel
NAV/SOTP per share	€ 32.2	20%	● Rentokil Initial
EV/Ebitda	€ 7.99	20%	● Quadiant
P/E	€ 7.16	10%	● Teleperformance
Dividend Yield	€ 17.5	10%	● Bureau Veritas
P/Book	€ 17.5	5%	
TARGET PRICE	€ 17.5	100%	

NAV/SOTP Calculation

Balance Sheet

	12/22A	12/23E	12/24E
Goodwill	€M 217	224	230
Total intangible	€M 276	283	289
Tangible fixed assets	€M 84.4	91.4	98.4
Financial fixed assets	€M 8.10	8.10	8.10
WCR	€M 15.4	26.1	40.6
Other assets	€M 49.0	49.0	49.0
Total assets (net of short term liab.)	€M 475	500	529
Ordinary shareholders' equity	€M 280	268	280
Quasi Equity & Preferred	€M		
Minority interests	€M 0.20	0.20	0.20
Provisions for pensions	€M 12.6	27.3	28.7
Other provisions for risks and liabilities	€M 13.1	13.1	13.1
Total provisions for risks and liabilities	€M 25.7	40.4	41.8
Tax liabilities	€M -42.8	-42.8	-42.8
Other liabilities	€M 30.4	30.4	30.4
Net debt (cash)	€M 182	203	219
Total liab. and shareholders' equity	€M 475	500	529

Capital Employed

	12/22A	12/23E	12/24E
Capital employed after depreciation	€M 413	438	466

Profits & Risks Ratios

	12/22A	12/23E	12/24E
ROE (after tax)	% 8.08	3.38	6.52
ROCE	% 7.06	5.06	6.65
Gearing (at book value)	% 53.5	71.8	75.3
Adj. Net debt/EBITDA(R)	x 3.11	4.12	3.50
Interest cover (x)	x 2.04	1.40	2.60

Valuation Ratios

	12/22A	12/23E	12/24E
Reference P/E (benchmark)	x 18.3	22.7	11.8
Free cash flow yield	% -5.53	2.06	4.83
P/Book	x 1.45	0.79	0.76
Dividend yield	% 4.51	7.75	11.6

EV Calculation

	12/22A	12/23E	12/24E
Market cap	€M 405	211	212
+ Provisions	€M 25.7	40.4	41.8
+ Unrecognised actuarial losses/(gains)	€M 0.00	0.00	0.00
+ Net debt at year end	€M 152	173	188
+ Leases debt equivalent	€M 29.5	29.5	30.1
- Financial fixed assets (fair value)	€M 20.7	20.7	20.7
+ Minority interests (fair value)	€M 0.00	0.00	0.00
= EV	€M 592	433	451
EV/EBITDA(R)	x 8.72	7.67	6.35
EV/Sales	x 0.79	0.62	0.57

Analyst : Saïma Hussain, Changes to Forecasts : 16/09/2023.