



# Chargeurs

Support Services / France

## FY21: CPF achieves record year, group's financial position is strengthened further

Earnings/sales releases - 18/02/2022

Chargeurs closed a successful FY21, with the performance of the core activities (ex-CHS) driven by the record sales performance of the Protective Films division, the further development of the museology activities, as well as a gradual recovery in the other historic businesses. The 2022 outlook, while still subject to the lingering effects of the pandemic, seems upbeat, with strong volumes expected in CPF and a more marked recovery in the textile activities.

### Fact

Chargeurs released solid FY21 results, slightly outperforming our sales expectations across all divisions, reaching nearly €737m in consolidated revenues versus our €707m estimate. Keeping in mind that the 2020 result was an exceptional one due to the substantial contribution of the masks and protective gear business, the FY21 performance was a commendable one, seeing a 10.4% decline from 2020 but a +17.6% increase versus the more comparable 2019 level.

The descriptive P&L provided by the company, shown in the table below, conveniently displays the different levers behind the FY21 earnings performance.

€m	2021	2020	2019	
Revenue	736.6	822.0	626.2	Record business at CPF, double-digit growth at CFT* PCC, CLM and CMS
Gross profit	186.3	219.0	167.0	The gross margin rate remained high despite strong increase in supply costs
As a % of revenue	25.3%	26.6%	26.7%	
EBITDA	73.8	102.4	60.0	All the business lines are profitable
As a % of revenue	10.0%	12.5%	9.6%	
Recurring operating profit	50.7	79.3	41.4	Slight increase stemming from the integration of D&P on a full-year basis
As a % of revenue	6.9%	9.6%	6.6%	
Amort. intangible assets linked to acq.	-5.5	-5.3	-2.5	Expenses mainly related to acquisitions and reorganizations
Non-recurring	-4.0	-18.2	-7.0	
Operating profit	41.2	55.8	31.9	Financial results optimised by dynamic cash management
Net financial expense	-10.6	-9.5	-11.5	
Tax	-0.5	-4.3	-4.9	Activation of tax loss carryforwards related to improved performance outlook
Associates	0.7	-1.7	-0.4	
Net profit	30.8	40.3	15.1	Second best performance in over 10 years
Attributable net profit	30.6	41.0	15.1	
Earnings per share (euros per share)	1.30	1.79	0.66	

Source: Company reports

High cash flow generation, mainly driven by the operating results of the CPF and CHS divisions, as well as effective working capital management, led to an improvement in the group's net debt position, reaching €117m at the close of 2021, versus €127m the year prior.

In light of the solid earnings, Chargeurs proposed a dividend of €1.24, of which €0.48 was already paid as an interim dividend in October 2021, leaving a €0.76 balance to be paid in 2022.

### Analysis

In the face of record FY20 results that were mainly supported by the €300m+ contribution from the sale of masks and other protective gear, the 2021 performance was contingent on a recovery of the historical businesses since CHS's revenues gradually declined as the pandemic was brought under control through global vaccination efforts. Given this challenging comparison basis, Chargeurs successfully delivered a strong set of results, marked by a record year for its Protective Films division.



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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: 38.4%
Target Price (6 months)	€ 33.2
Share Price	€ 24.0
Market Cap. €M	588
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	19.3 ▶ 28.9
Sustainability score	4.7 / 10
Credit Risk	BBB →
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

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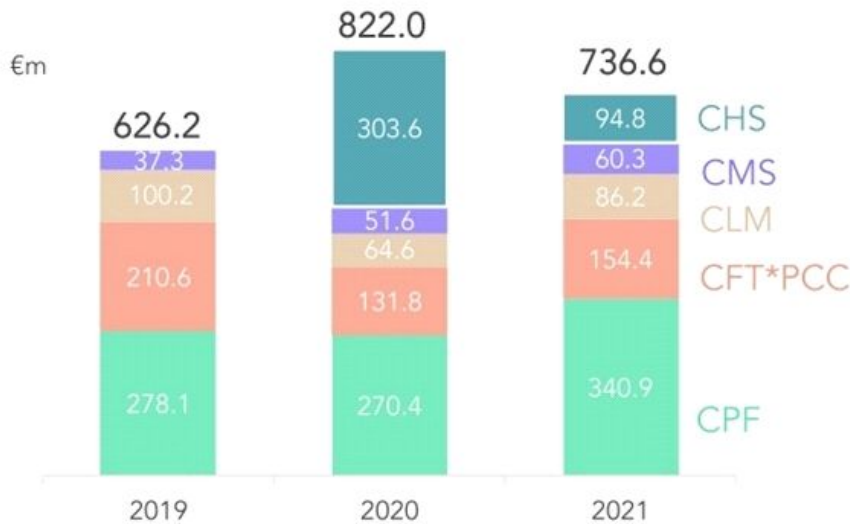


PERF	1w	1m	3m	12m
Chargeurs	-1.23%	2.13%	-9.84%	24.2%
Support Services	-2.33%	-4.07%	-12.5%	5.60%
STOXX 600	-1.65%	-3.18%	-5.18%	11.6%

Last updated: 12/01/2022	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	9.00	21.8	17.6	15.8
Dividend yield (%)	8.34	2.60	2.71	3.00
EV/EBITDA(R) (x)	4.66	9.07	8.20	6.93
Adjusted EPS (€)	1.76	1.06	1.36	1.52
Growth in EPS (%)	167	-39.8	28.7	11.6
Dividend (€)	1.32	0.60	0.65	0.72
Sales (€M)	822	707	770	841
Underlying operat. profit ma...	9.65	6.88	7.27	7.95
Attributable net profit (€M)	41.0	24.6	31.9	35.8
ROE (after tax) (%)	17.5	10.4	12.7	12.5
Gearing (%)	58.0	55.4	47.0	35.2

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## Divisional revenues breakdown



Source: Company reports

Revenues excluding Healthcare Solutions rose by 24% yoy like-for-like, mainly driven by record sales from the Protective Films division (€341m, up 27% yoy) and the ongoing recovery of the Fashion Technologies (+20% to €154m) and Luxury Materials divisions (+31% to €86m). Meanwhile, CHS reported revenues in the upper-end of management's guidance (€95m) given the "normalisation" of consumer demand for masks and protective gear.

Operational profitability showed improvements across most businesses, with positive volume effects and effective pricing discipline helping offset the impact from the rise in raw material costs. Margins at CPF, CMS and CLM came in line with our expectations. The consolidated operating profit (€51m) came in higher than our estimates (€49m), although this is mostly explained by lower than expected cancellations. On a group margin basis, the operating result was in line with our forecasts (6.9%).

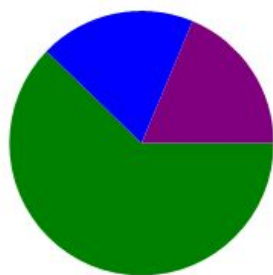
Looking at FCF generation, Chargeurs clearly benefits from the capex-light nature of its businesses, demonstrated by an impressive cash conversion ratio of 1.7x in FY21 (1.6x in FY20). Cash that was put to good use, as the group executed several acquisitions last year, most notably the recent addition of Event Communications to bolster its museum 'one-stop shop', rebranded under the "Museum Studio" moniker.

The group's 2022 outlook, while still subject to the lingering effects of the pandemic, seems upbeat, with strong volumes expected in CPF and a more marked recovery in the textile business. This should allow it to more than offset the raw material price rises and points to a faster than anticipated recovery in margins, particularly for CPF, eyeing double-digit margins through the second half of the year in our view.

### ■ Impact

We will be upgrading our FY22 estimates, particularly for CPF and CMS following this solid release. We maintain our positive stance on the stock.

## Sales by Geography



■ Europe (62.2%)  
■ Americas (19.1%)  
■ Asia (18.7%)

## Consolidated P&L Accounts

	12/20A	12/21E	12/22E
Sales	€M 822	707	770
Change in sales	% 31.3	-14.0	8.95
Change in staff costs	% 5.36	9.75	7.31
EBITDA	€M 102	71.8	80.7
<b>EBITDA(R) margin</b>	<b>% 12.5</b>	<b>10.2</b>	<b>10.5</b>
Depreciation	€M -20.6	-20.8	-19.9
Underlying operating profit	€M 79.3	46.6	57.3
<b>Operating profit (EBIT)</b>	<b>€M 55.8</b>	<b>38.6</b>	<b>49.3</b>
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	-4.02	-6.97
Equity associates	€M -1.70	0.50	0.50
Minority interests	€M 0.70	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>€M 40.3</b>	<b>24.6</b>	<b>31.9</b>
NOPAT	€M 54.0	33.3	40.8

## Cashflow Statement

	12/20A	12/21E	12/22E
EBITDA	€M 102	71.8	80.7
Change in WCR	€M 2.60	-7.07	-0.65
Actual div. received from equity holdi...	€M 0.00	0.00	0.00
Paid taxes	€M -6.40	-4.02	-6.97
Exceptional items	€M		
Other operating cash flows	€M -14.6	-8.00	-8.00
Total operating cash flows	€M 84.0	52.7	65.1
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	-8.93
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	-48.9
Change in cash position	€M 115	-24.2	-11.2
<b>Free cash flow (pre div.)</b>	<b>€M 59.6</b>	<b>25.7</b>	<b>36.8</b>

## 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
<b>Benchmark EPS</b>	<b>€ 1.76</b>	<b>1.06</b>	<b>1.36</b>
Restated NAV per share	€		
<b>Net dividend per share</b>	<b>€ 1.32</b>	<b>0.60</b>	<b>0.65</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 38.8	35%	● AkzoNobel
NAV/SOTP per share	€ 38.0	20%	● Rentokil Initial
EV/Ebitda	€ 26.4	20%	● Quadiant
P/E	€ 22.0	10%	● Teleperformance
Dividend Yield	€ 32.6	10%	● Bureau Veritas
P/Book	€ 25.7	5%	
<b>TARGET PRICE</b>	<b>€ 33.2</b>	<b>100%</b>	

### 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 -17.6	-10.5	-9.88
Other assets	€M 51.1	35.0	37.0
Total assets (net of short term liab.)	€M 399	404	421
<b>Ordinary shareholders' equity</b>	<b>€M 237</b>	<b>234</b>	<b>266</b>
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 48.7	48.7	48.7
<b>Net debt (cash)</b>	<b>€M 127</b>	<b>133</b>	<b>117</b>
Total liab. and shareholders' equity	€M 399	404	421

## Capital Employed

	12/20A	12/21E	12/22E
Capital employed after depreciation	€M 339	361	376

## Profits & Risks Ratios

		12/20A	12/21E	12/22E
<b>ROE (after tax)</b>	%	<b>17.5</b>	<b>10.4</b>	<b>12.7</b>
ROCE	%	15.9	9.22	10.9
<b>Gearing (at book value)</b>	%	<b>58.0</b>	<b>55.4</b>	<b>47.0</b>
Adj. Net debt/EBITDA(R)	x	1.61	2.39	1.95
Interest cover (x)	x	8.62	4.52	5.35

## Valuation Ratios

		12/20A	12/21E	12/22E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>9.00</b>	<b>21.8</b>	<b>17.6</b>
Free cash flow yield	%	16.3	4.79	6.53
P/Book	x	1.54	2.30	2.12
<b>Dividend yield</b>	<b>%</b>	<b>8.34</b>	<b>2.60</b>	<b>2.71</b>

## EV Calculation

	12/20A	12/21E	12/22E	
Market cap	€M 366	538	563	
+ 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 88.6	93.7	77.8	
+ Leases debt equivalent	€M 38.1	38.9	39.6	
- Financial fixed assets (fair value)	€M 32.3	37.3	37.3	
+ Minority interests (fair value)	€M 0.00	0.00	0.00	
= EV	€M 478	652	662	
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>4.66</b>	<b>9.07</b>	<b>8.20</b>
EV/Sales	x	0.58	0.92	0.86

Analyst : Jorge Velandia, Changes to Forecasts : 12/01/2022.