



Chargeurs

Support Services / France

Change of valuation profile

Latest - 23/09/2021

We had initiated coverage of Chargeurs as a holding company then battling on to pay back its debt,. However, the strategy pursued by the new owner since 2015 and its moves into new capital-light businesses, with a B2B service-focused dimension, have had us reassess our view of Chargeurs to now as an industrial group.

Fact

From this publication onwards, Chargeurs is classified as an industrial company, under the Support Services sector. Previously, it was regarded as a holding company.

Analysis

The strategy of Chargeurs, since its owner and manager Michaël Fribourg assumed control in 2015, has been a very hands-on one, combining a keen search of growth in global but niche markets and a low capital intensity.

Although we initially saw Chargeurs through the lens of an industrial conglomerate/holding company-type, given the strong delegation of daily execution to its different business units, the moves into new capital-light businesses by spinning off growth bits of existing businesses into fully-fledged divisions (Healthcare Solutions and Museum Solutions) led us to reassess this view.

We now believe that Chargeurs' unique profile and current growth dynamic are better reflected by tying it to the Support Services sector, consisting of a highly diversified universe of businesses catering for various B2B services underlined by a low capital intensity focus.

Impact

The valuation procedures are changed by booking Chargeurs as an industrial company rather than a holding company. The weight of a NAV-based valuation is cut from 55% to 20% of the various valuation metrics. An EV/EBITDA-based valuation pops up with a weight of 20%, while the DCF is given a weight of 35% vs. 5% originally.

By applying the new peers belonging to the Support Services area or assimilated as a business model and changing the weights of the valuation methods as required by the newly-adopted industrial profile valuation, the target price remains essentially unchanged (from €34.9 to €35.1). The DCF and NAV remain calculated exactly as they were previously, only weightings and peers change. It is clear that, over time, this will no longer be the case.



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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: 32.2%

Target Price (6 months) € 35.1

Share Price € 26.5

Market Cap. €M 646

Price Momentum **STRONG**

Extremes 12Months 15.0 ▶ 26.5

Sustainability score 3.2 /10

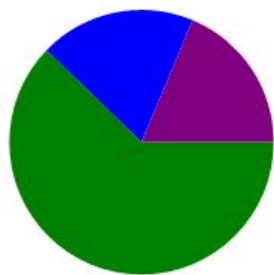
Credit Risk **BB** ↗Bloomberg **CRI FP Equity**Reuters **CRIP.PA**[Download Full Analysis](#)[Company Page](#)

PERF	1w	1m	3m	12m
Chargeurs	2.87%	23.8%	20.1%	62.0%
Support Services	1.59%	2.39%	11.4%	29.6%
STOXX 600	-0.15%	-1.84%	1.49%	29.5%

Last updated: 23/09/2021	12/20A	12/21E	12/22E	12/23E
Adjusted P/E (x)	9.00	24.2	18.7	16.6
Dividend yield (%)	8.34	2.26	2.45	2.71
EV/EBITDA(R) (x)	5.48	11.1	9.69	8.12
Adjusted EPS (€)	1.76	1.10	1.42	1.60
Growth in EPS (%)	167	-37.6	29.3	12.6
Dividend (€)	1.32	0.60	0.65	0.72
Sales (€M)	822	705	769	839
Underlying operat. profit ma...	9.65	6.78	7.70	8.27
Attributable net profit (€M)	41.0	25.5	33.2	37.6
ROE (after tax) (%)	17.5	11.1	13.8	13.5
Gearing (%)	75.7	93.4	77.3	59.6

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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	705	769
Change in sales	%	31.3	-14.3	9.06
Change in staff costs	%	5.36	9.75	7.31
EBITDA	€M	102	73.1	82.5
EBITDA(R) margin	%	12.5	10.4	10.7
Depreciation	€M	-20.6	-20.8	-19.9
Underlying operating profit	€M	79.3	47.8	59.2
Operating profit (EBIT)	€M	55.8	39.8	51.2
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	-4.34	-7.44
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	25.5	33.2
NOPAT	€M	54.0	34.1	42.1

Cashflow Statement

		12/20A	12/21E	12/22E
EBITDA	€M	102	73.1	82.5
Change in WCR	€M	2.60	1.39	-0.11
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	-6.40	-4.34	-7.44
Exceptional items	€M			
Other operating cash flows	€M	-14.6	-8.00	-8.00
Total operating cash flows	€M	84.0	62.1	67.0
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	-14.8	-9.25
Free cash flow (pre div.)	€M	59.6	35.1	38.7

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	1.10	1.42
Restated NAV per share	€			
Net dividend per share	€	1.32	0.60	0.65

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 37.6	35%	● AkzoNobel
NAV/SOTP per share	€ 38.9	20%	● Rentokil Initial
EV/Ebitda	€ 30.3	20%	● Quadiant
P/E	€ 26.5	10%	● Teleperformance
Dividend Yield	€ 36.6	10%	● Bureau Veritas
P/Book	€ 35.7	5%	
TARGET PRICE	€ 35.1	100%	

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	18.2	18.3
Other assets	€M	71.4	35.0	37.0
Total assets (net of short term liab.)	€M	456	433	449
Ordinary shareholders' equity	€M	237	224	257
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	207	190
Total liab. and shareholders' equity	€M	456	433	449

Capital Employed

		12/20A	12/21E	12/22E
Capital employed after depreciation	€M	377	389	404

Profits & Risks Ratios

		12/20A	12/21E	12/22E
ROE (after tax)	%	17.5	11.1	13.8
ROCE	%	14.3	8.76	10.4
Gearing (at book value)	%	75.7	93.4	77.3
Adj. Net debt/EBITDA(R)	x	2.43	3.37	2.78
Interest cover (x)	x	8.62	4.64	5.52

Valuation Ratios

		12/20A	12/21E	12/22E
Reference P/E (benchmark)	x	9.00	24.2	18.7
Free cash flow yield	%	16.3	5.68	6.21
P/Book	x	1.54	2.77	2.42
Dividend yield	%	8.34	2.26	2.45

EV Calculation

		12/20A	12/21E	12/22E
Market cap	€M	366	619	623
+ 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	168	150
+ 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	812	799
EV/EBITDA(R)	x	5.48	11.1	9.69
EV/Sales	x	0.68	1.15	1.04

Analyst : Jorge Velandia, Changes to Forecasts : 23/09/2021.