



# Chargeurs

Support Services / France

## Adjustments to our FY 23-24 outlook

From an industrialist to a luxury player? - 15/11/2023

### Change in EPS

2023 : € 0.18 vs 0.39	-53.5%
2024 : € 0.60 vs 0.74	-19.2%

We have downgraded our EPS estimates for 2023 and 2024. The main factor impacting our revenue estimates is Chargeurs Luxury Fibers, whose sales are expected to decrease significantly vs. 2022 due to a negative price effect (strong drop in the conventional wool price (i.e.: micron 17 down by -30% on Q3 and -21% for 9M 23), and a change in product mix (less conventional and growing certified Nativa wool).

In terms of margins, the main drivers of our downward revision are (i) we had been overly optimistic about Fashion Technologies' margins considering the figures published in H1 23, (ii) we have removed the Healthcare solutions division, which is no longer contributing to Chargeurs' sales and underlying profit, (iii) we have aligned our numbers with the guidance provided by Chargeurs for Museum Studio as we had been a bit too bullish and (iv) as we did not have any information on Swaine, and given the scale-up work that will require opex, we had assumed that Swaine would be consolidated in 2024 and will not contribute to margins.

In 2024, our estimates have been negatively impacted mainly by the downward revision of our estimates for Museum Studio.

Despite these revisions, we remain positive overall especially on CAM, on which we are confident of a rebound, leading to similar margins in absolute terms, despite the fall in our revenue estimates.

### Change in NAV

€ 28.1 vs 32.2	-12.9%
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Given that we have based our NAV valuation on EV/EBITDA multiples with an average estimated EBITDA for 2023, 2024 and 2025, the downward revision to our EBITDA forecasts has penalised our NAV estimate. Specifically, consistent with the downward revision of our EBITDA estimates for Chargeurs Fashion Technology, the division's valuation has fallen from €300m to €270m. In addition, we have removed Healthcare solutions, which has also penalised our NAV.

### Change in DCF

€ 11.8 vs 17.0	-30.6%
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The sharp fall in our DCF comes from the downward revisions to our FY 23-24 EPS forecasts (see EPS commentary). In 2023, we now expect revenues of €669m (vs. €702m) and an underlying operating profit of €27m (vs. €35m), representing a margin of 4% (vs. 5%). In 2024, we expect revenues of around €753m, compared with €788m previously, and an underlying operating profit of €43m (or a margin of 5.7%), compared with €49m (or a margin of 6.2%).



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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

<b>Buy</b>	<b>Upside : 55.2%</b>
Target Price (6 months)	€ 13.9
Share Price	€ 8.94
Market Cap. €M	224
Price Momentum	<b>UNFAVORABLE</b>
Extremes 12Months	6.40 ▶ 15.2
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

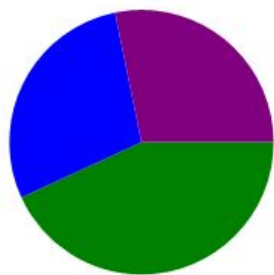
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PERF	1w	1m	3m	12m
Chargeurs	14.9%	27.2%	-16.0%	-30.8%
Support Services	2.08%	-4.46%	-9.30%	-8.86%
SXXR Index	2.26%	0.86%	-1.29%	7.38%

Last updated: 15/11/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	18.3	49.8	14.9	9.13
Dividend yield (%)	4.51	2.01	6.71	11.0
EV/EBITDA(R) (x)	8.72	9.14	6.95	5.48
Adjusted EPS (€)	0.92	0.18	0.60	0.98
Growth in EPS (%)	-29.2	-80.5	234	63.3
Dividend (€)	0.76	0.18	0.60	0.98
Sales (€M)	746	669	753	843
Underlying operat. profit ma...	6.08	3.99	5.75	7.06
Attributable net profit (€M)	22.1	4.31	14.4	23.2
ROE (after tax) (%)	8.08	1.59	5.29	7.77
Gearing (%)	53.5	74.1	74.5	68.1

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## 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	669	753
Change in sales	%	1.33	-10.3	12.6
Change in staff costs	%	6.99	5.45	5.40
EBITDA	€M	67.9	48.3	64.9
<b>EBITDA(R) margin</b>	<b>%</b>	<b>9.10</b>	<b>7.22</b>	<b>8.61</b>
Depreciation	€M	-22.5	-21.0	-23.6
Underlying operating profit	€M	38.9	21.5	34.7
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>38.5</b>	<b>16.5</b>	<b>29.7</b>
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	7.62	0.21
Equity associates	€M	0.00	0.70	0.70
Minority interests	€M	0.20	0.00	0.00
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>22.1</b>	<b>4.31</b>	<b>14.4</b>
NOPAT	€M	29.2	17.0	27.4

## Cashflow Statement

		12/22A	12/23E	12/24E
EBITDA	€M	67.9	48.3	64.9
Change in WCR	€M	-40.5	-9.47	-14.0
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	-4.00	7.62	0.21
Exceptional items	€M			
Other operating cash flows	€M	-15.9	-8.00	-8.00
Total operating cash flows	€M	7.50	38.4	43.1
Capital expenditure	€M	-10.8	-17.8	-20.0
Total investment flows	€M	-23.1	-27.8	-30.0
Net interest expense	€M	-19.1	-20.5	-16.2
Dividends (parent company)	€M	-17.9	-13.2	-1.32
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	-19.5
Change in cash position	€M	-97.3	2.55	-6.47
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-22.4</b>	<b>0.15</b>	<b>6.89</b>

## 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
<b>Benchmark EPS</b>	<b>€</b>	<b>0.92</b>	<b>0.18</b>	<b>0.60</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.76</b>	<b>0.18</b>	<b>0.60</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 11.8	35%	● AkzoNobel
NAV/SOTP per share	€ 28.1	20%	● Rentokil Initial
EV/Ebitda	€ 6.15	20%	● Quadiant
P/E	€ 5.72	10%	● Teleperformance
Dividend Yield	€ 14.4	10%	● Bureau Veritas
P/Book	€ 17.9	5%	
TARGET PRICE	€ 13.9	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	24.9	38.9
Other assets	€M	49.0	49.0	49.0
Total assets (net of short term liab.)	€M	475	499	527
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>280</b>	<b>263</b>	<b>283</b>
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
<b>Net debt (cash)</b>	<b>€M</b>	<b>182</b>	<b>208</b>	<b>214</b>
Total liab. and shareholders' equity	€M	475	499	527

## Capital Employed

		12/22A	12/23E	12/24E
Capital employed after depreciation	€M	413	436	465

## Profits & Risks Ratios

		12/22A	12/23E	12/24E
<b>ROE (after tax)</b>	<b>%</b>	<b>8.08</b>	<b>1.59</b>	<b>5.29</b>
ROCE	%	7.06	3.89	5.91
<b>Gearing (at book value)</b>	<b>%</b>	<b>53.5</b>	<b>74.1</b>	<b>74.5</b>
Adj. Net debt/EBITDA(R)	x	3.11	4.91	3.76
Interest cover (x)	x	2.04	1.06	2.28

## Valuation Ratios

		12/22A	12/23E	12/24E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>18.3</b>	<b>49.8</b>	<b>14.9</b>
Free cash flow yield	%	-5.53	0.07	3.19
P/Book	x	1.45	0.82	0.76
<b>Dividend yield</b>	<b>%</b>	<b>4.51</b>	<b>2.01</b>	<b>6.71</b>

## EV Calculation

		12/22A	12/23E	12/24E
Market cap	€M	405	215	216
+ 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	178	183
+ 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	442	451
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>8.72</b>	<b>9.14</b>	<b>6.95</b>
EV/Sales	x	0.79	0.66	0.60

Analyst : Saïma Hussain, Changes to Forecasts : 15/11/2023.