



Chargeurs

Support Services / France

Adjustments to our FY 23-24 estimates

From an industrialist to a luxury player? - 26/05/2023

Change in EPS

2023 : € 0.80 vs 1.24	-35.2%
2024 : € 1.20 vs 1.66	-27.8%

We have revised our FY 23-24 assumptions following the Q1-23 release. We now estimate sales for 2023 at €788m versus €831m previously, and the underlying operating profit at 6.1% versus 7.2%. This decline is due to a downward revision in the sales and margins at Chargeurs Advanced Materials, on which we had been overly optimistic after an exceptionally high level in Q1-22 due to a post-Covid catch-up effect. We had also been too optimistic on Chargeurs Luxury Materials, with a sales growth forecast of 7%, despite the particularly high level of activity in 2022. We have also reduced our estimates for the HealthCare Solution division (with sales growth of 0% vs. 30% previously), as we no longer have any visibility on the division's revenues and margins in the context of an improving healthcare situation. For 2025, however, we are more optimistic, estimating strong sales growth for Chargeurs Museum Studio (+25%) to over €200m with a margin of 12%, 10% for Chargeurs Luxury Materials to €110m with a margin of c.4% and 50% for Chargeurs Personal Goods to c.€24m with a margin of 10%.

Change in NAV

€ 41.1 vs 38.0	+7.98%
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Our NAV has increased on the back of updated EV/EBITDA multiples and peer groups. We now use average estimated EBITDA for 23/24 and 25. As a result, Chargeurs Advanced Materials has seen its value drop significantly, with a multiple of 11.5x versus 14.5x previously, while Chargeurs Fashion Technologies' value has risen sharply due to a change in methodology, from an EV/EBITDA of 9x to an EV/EBITDA of 11.6x. Finally, we have applied an EV/EBITDA of 11.4x for Chargeurs Museum Studio, compared with 10.5x previously.

Change in DCF

€ 26.2 vs 28.7	-8.57%
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Our DCF-based valuation is reduced slightly from €28.76 to €26.20 after incorporating our adjustment to the FY23-24 EPS forecast (see EPS commentary). We expect revenues of around €788m (vs. €831m) for FY 2023 with an underlying profit of c.€34m (vs. €51m) and €872m (vs. €892m) for FY2024 with an underlying operating profit of €53m (vs. €67m). We are also less optimistic on the WCR, which we had underestimated due to the extremely low level in 2021 (3.8% of sales).



Saïma HUSSAIN

supportservices@alphavalue.eu

+33 (0) 1 70 61 10 50

corporate.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 : 102%
Target Price (6 months)	€ 25.1
Share Price	€ 12.4
Market Cap. €M	311
Price Momentum	UNFAVORABLE
Extremes 12Months	11.0 ▶ 17.9
Bloomberg	CRI FP Equity
Reuters	CRIP.PA

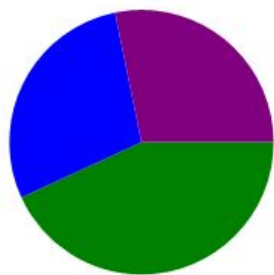
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PERF	1w	1m	3m	12m
Chargeurs	-14.1%	-12.2%	-8.03%	-25.7%
Support Services	-0.40%	-1.47%	-2.73%	-1.47%
SXXR Index	-1.96%	-1.60%	1.19%	7.81%

Last updated: 26/05/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	18.3	15.5	10.3	6.78
Dividend yield (%)	4.51	5.48	8.23	12.9
EV/EBITDA(R) (x)	8.72	7.28	5.87	4.36
Adjusted EPS (€)	0.92	0.80	1.20	1.83
Growth in EPS (%)	-29.2	-13.1	50.1	52.2
Dividend (€)	0.76	0.68	1.02	1.60
Sales (€M)	746	789	872	960
Underlying operat. profit ma...	6.08	6.08	7.55	9.45
Attributable net profit (€M)	22.1	19.2	29.0	43.3
ROE (after tax) (%)	8.08	6.88	9.90	13.2
Gearing (%)	53.5	67.5	64.3	54.9

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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	789	872
Change in sales	% 1.33	5.66	10.6
Change in staff costs	% 6.99	5.45	5.40
EBITDA	€M 67.9	70.4	88.3
EBITDA(R) margin	% 9.10	8.93	10.1
Depreciation	€M -22.5	-24.7	-27.4
Underlying operating profit	€M 38.9	38.8	53.4
Operating profit (EBIT)	€M 38.5	33.8	48.4
Net financial expense	€M -19.1	-13.7	-14.7
of which related to pensions	€M	-0.23	-0.96
Exceptional items & other	€M		
Corporate tax	€M 2.50	-1.65	-5.43
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	19.2	29.0
NOPAT	€M 29.2	30.0	41.4

Cashflow Statement

	12/22A	12/23E	12/24E
EBITDA	€M 67.9	70.4	88.3
Change in WCR	€M -40.5	-13.9	-15.7
Actual div. received from equity holdi...	€M 0.00	0.00	0.00
Paid taxes	€M -4.00	-1.65	-5.43
Exceptional items	€M		
Other operating cash flows	€M -15.9	-8.00	-8.00
Total operating cash flows	€M 7.50	46.9	59.2
Capital expenditure	€M -10.8	-21.0	-23.2
Total investment flows	€M -23.1	-31.0	-33.2
Net interest expense	€M -19.1	-13.7	-14.7
Dividends (parent company)	€M -17.9	-13.2	-11.3
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	-28.7	-28.0
Change in cash position	€M -97.3	-12.8	-2.06
Free cash flow (pre div.)	€M -22.4	12.2	21.3

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	0.80	1.20
Restated NAV per share	€		
Net dividend per share	€ 0.76	0.68	1.02

Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 26.2	35%	● AkzoNobel
NAV/SOTP per share	€ 41.1	20%	● Rentokil Initial
EV/Ebitda	€ 14.1	20%	● Quadiant
P/E	€ 12.5	10%	● Teleperformance
Dividend Yield	€ 24.8	10%	● Bureau Veritas
P/Book	€ 23.3	5%	
TARGET PRICE	€ 25.1	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	29.3	45.0
Other assets	€M 49.0	49.0	49.0
Total assets (net of short term liab.)	€M 475	503	533
Ordinary shareholders' equity	€M 280	279	306
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	196	198
Total liab. and shareholders' equity	€M 475	503	533

Capital Employed

	12/22A	12/23E	12/24E
Capital employed after depreciation	€M 413	441	471

Profits & Risks Ratios

	12/22A	12/23E	12/24E
ROE (after tax)	% 8.08	6.88	9.90
ROCE	% 7.06	6.80	8.80
Gearing (at book value)	% 53.5	67.5	64.3
Adj. Net debt/EBITDA(R)	x 3.11	3.20	2.58
Interest cover (x)	x 2.04	2.89	3.89

Valuation Ratios

	12/22A	12/23E	12/24E
Reference P/E (benchmark)	x 18.3	15.5	10.3
Free cash flow yield	% -5.53	4.11	7.11
P/Book	x 1.45	1.07	0.98
Dividend yield	% 4.51	5.48	8.23

EV Calculation

	12/22A	12/23E	12/24E
Market cap	€M 405	298	300
+ 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	165	167
+ 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	513	518
EV/EBITDA(R)	x 8.72	7.28	5.87
EV/Sales	x 0.79	0.65	0.59

Analyst : Saïma Hussain, Changes to Forecasts : 26/05/2023.