

Clasquin

France | Support services | MCAP EUR 80.5m

24 September 2019

Hold

Target Price	EUR 36.00
Current Price	EUR 35.00
Up/downside	2.9%
Change in TP	none
Change in EPS	none 19E / none 20E

First take

Clasquin reported a resilient set of H1 results, achieved against a challenging market environment. Our forecasts remain unchanged for now, given the in line performance of EBIT. Investor meeting at 11:30 CET.

Resilient set of results

Current EBIT came up by 9% and net profit was up by 24% in the first half, which fits well with our expectations (+8% and +26%, respectively). It is certainly a satisfactory performance considering the tough trade environment. Clasquin is leveraging on an effective yield and cost management, as well as on a favourable activity mix. The conversion rate came up by 20bps to 10.5% (same as our forecasts). Bottom-line earnings benefited from lower financing costs and taxes on top.

Good yield management, activity mix and opex control

Sound interim results are the result of a good: 1) yield management in air freight (GP down by 1% despite volume down by 18%, thanks to strong growth in unit margin) and sea freight (GP up by 4% despite an 18% drop in volume thanks to the recovery of unit margin in Q2); 2) the growing contribution from the dynamic and profitable Roll-on/Roll-off business between France and Maghreb (vessels designed to carry wheeled cargo, such as cars, trucks, semi-trailer trucks, etc.). This activity accounted for 12% of the group's sales in H1, growing at a solid rate of 19%; 3) control of operating expenses (+5% in H1). We may also mention the restructuring of the US operations (deconsolidation of ECS and new management) and the return to breakeven of the German operations as of Q4 2018.

Hold

We expect a similar pace of growth in earnings on a full-year basis (at constant scope) in spite of no let-up in H2 (gauging by the market outlook). Our estimates do not factor in the likely acquisition of the Canadian company at this stage (announced in July), which is expected to close over the course of the second half (90 people, 80% stake, c. EUR6m gross profit). We derive a target price of CHF36 through a DCF based on a 7.5% WACC, 2.5% terminal growth and an 11% terminal conversion ratio. At 16x EBIT 2019E, Clasquin is trading at a 20% discount to market leaders.

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Market data

Bloomberg: ALCLAFP	Reuters: ALCLAPA
Market cap (EURm)	81
Free float	39%
No. of shares outstanding (m)	2
Avg. daily volume (EURm)	0.0
YTD abs performance	16.7%
52-week high/low (EUR)	42.50/29.70

FY to 31/12 (EUR)	12/19E	12/20E	12/21E
Sales (m)	322.1	334.1	343.9
EBITDA adj (m)	9.5	10.2	10.8
EBIT adj (m)	6.8	7.4	7.9
Net profit adj (m)	3.6	4.0	4.3
Net debt (m)	23.1	21.9	20.2
FCF (m)	-1.3	4.1	4.9
EPS adj. and fully dil.	1.58	1.75	1.87
Consensus EPS	1.69	1.98	2.39
Net dividend	0.84	0.93	1.00

FY to 31/12 (EUR)	12/19E	12/20E	12/21E
P/E adj and ful. dil.	22.1	20.0	18.8
EV/EBITDA	11.2	10.4	9.8
EV/EBIT	15.7	14.4	13.4
FCF yield	-1.6%	5.0%	6.0%
Dividend yield	2.4%	2.7%	2.8%
Net debt/EBITDA	2.4	2.1	1.9
Gearing	85.9%	76.0%	65.3%
ROIC	9.8%	9.9%	10.3%
EV/IC	2.2	2.2	2.1



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Key financials

FY to 31/12 (EUR)	12/14	12/15	12/16	12/17	12/18	12/19E	12/20E	12/21E
Income Statement (EURm)								
Sales	201.7	234.2	235.0	290.6	308.3	322.1	334.1	343.9
% Change	1.8%	16.1%	0.3%	23.6%	6.1%	4.5%	3.7%	2.9%
EBITDA adjusted	4.6	8.2	7.1	7.4	9.3	9.5	10.2	10.8
EBITDA margin (%)	2.3%	3.5%	3.0%	2.5%	3.0%	3.0%	3.1%	3.1%
EBIT adjusted	3.1	6.3	4.6	5.4	5.8	6.8	7.4	7.9
EBIT margin (%)	1.5%	2.7%	2.0%	1.9%	1.9%	2.1%	2.2%	2.3%
Net financial items & associates	-0.4	-0.1	-0.5	-0.7	-0.2	-0.3	-0.3	-0.3
Others	0.0	0.0	0.0	-0.4	0.0	0.0	0.0	0.0
Tax	-0.9	-1.9	-1.5	-1.9	-2.1	-2.3	-2.5	-2.7
Net profit from continuing operations	1.8	4.2	2.6	2.4	3.4	4.2	4.6	4.9
Net profit from discontinuing activities	0.7	-0.3	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	2.5	4.0	2.6	2.4	3.4	4.2	4.6	4.9
Net profit reported	2.1	3.3	2.1	2.0	2.8	3.6	4.0	4.3
Net profit adjusted	2.1	3.3	2.1	2.0	2.8	3.6	4.0	4.3
Cash Flow Statement (EURm)								
Levered post tax CF before capex	na	na	1.9	1.9	4.5	1.9	7.0	7.5
Capex	-2.9	-2.4	-3.6	-3.6	-3.6	-3.2	-3.0	-2.7
Free cash flow	na	na	-1.7	-1.7	0.9	-1.3	4.1	4.9
Acquisitions & Divestments	-1.8	-8.5	-0.6	0.1	-1.8	0.0	0.0	0.0
Dividend paid	-2.2	-2.1	-2.9	-1.9	-2.6	-2.2	-2.7	-2.9
Others	-0.4	1.5	-0.1	-1.5	0.0	-0.2	-0.2	-0.2
Change in net financial debt	na	na	5.4	5.1	3.6	3.8	-1.2	-1.7
Balance Sheet (EURm)								
Intangible assets	11.4	17.3	19.1	19.6	22.0	22.3	22.5	22.5
Tangible assets	6.2	3.8	5.2	5.1	5.7	6.1	6.3	6.3
Financial & other non-current assets	1.8	2.9	2.8	2.8	2.6	2.6	2.6	2.6
Total shareholders' equity	23.3	23.8	23.8	22.9	24.5	26.5	28.4	30.4
Pension provisions	1.4	1.1	1.2	0.4	0.4	0.4	0.4	0.4
Liabilities and provisions	na	na	na	na	na	na	na	na
Net debt	2.1	6.3	12.3	16.4	19.3	23.1	21.9	20.2
Net financial debt	0.7	5.2	11.0	16.0	18.9	22.7	21.6	19.8
IFRS 16 debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Working capital requirement	6.2	6.3	9.2	12.7	14.3	19.3	19.7	20.9
Invested Capital	23.8	27.3	33.5	37.4	42.0	47.8	48.5	49.8
Per share data								
EPS adjusted	0.92	1.45	0.92	0.85	1.23	1.58	1.75	1.87
EPS adj and fully diluted	0.92	1.45	0.92	0.85	1.23	1.58	1.75	1.87
% Change	-3.9%	57.8%	-36.6%	-7.6%	44.8%	28.5%	10.4%	6.8%
EPS reported	0.92	1.45	0.92	0.85	1.23	1.58	1.75	1.87
Cash flow per share	na	na	0.81	0.81	1.94	0.83	3.06	3.28
Book value per share	9.22	9.42	9.03	8.57	9.31	9.92	10.50	11.10
Dividend per share	0.80	1.25	0.80	0.80	0.65	0.84	0.93	1.00
Number of shares, YE (m)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Ratios								
ROE (%)	10.0%	15.6%	10.0%	9.7%	13.8%	16.5%	17.1%	17.3%
ROIC (%)	8.9%	16.9%	9.6%	9.2%	9.4%	9.8%	9.9%	10.3%
Net debt / EBITDA (x)	0.5	0.8	1.7	2.2	2.1	2.4	2.1	1.9
Gearing (%)	3.0%	21.9%	46.3%	69.7%	77.4%	85.9%	76.0%	65.3%
Valuation								
P/E adjusted	27.8	20.3	32.2	39.0	29.7	22.1	20.0	18.8
P/E adjusted and fully diluted	27.8	20.3	32.2	39.0	29.7	22.1	20.0	18.8
P/BV	2.8	3.1	3.3	3.9	3.9	3.5	3.3	3.2
P/CF	na	na	36.4	40.9	18.8	42.0	11.4	10.7
Dividend yield (%)	3.1%	4.2%	2.7%	2.4%	1.8%	2.4%	2.7%	2.8%
FCF yield (%)	na	na	-2.5%	-2.3%	1.0%	-1.6%	5.0%	6.0%
EV/Sales	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3
EV/EBITDA	13.8	9.2	11.7	13.0	11.5	11.2	10.4	9.8
EV/EBIT	20.4	12.1	18.1	17.6	18.4	15.7	14.4	13.4

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Companies mentioned

Stock	ISIN	Currency	Price
Clasquin	FR0004152882	EUR	35.00

Source: Factset closing prices of 23/09/2019

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Rating Breakdown	A	B
Buy	50%	56%
Hold	33%	30%
Reduce	14%	9%
Not Rated/Under Review/Accept Offer	3%	5%
Total	100%	100%

Source: KEPLER CHEUVREUX

A: % of all research recommendations

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Company Name	Date	Business Line	Rating	Target Price	Closing Price
Clasquin (EUR)	27/09/2018 07:10	Equity Research	Hold	41.00	40.50
	26/10/2018 07:20	Equity Research	Hold	39.00	39.10
	22/03/2019 09:17	Equity Research	Hold	36.00	34.90

Credit research does not issue target prices. Left intentionally blank.

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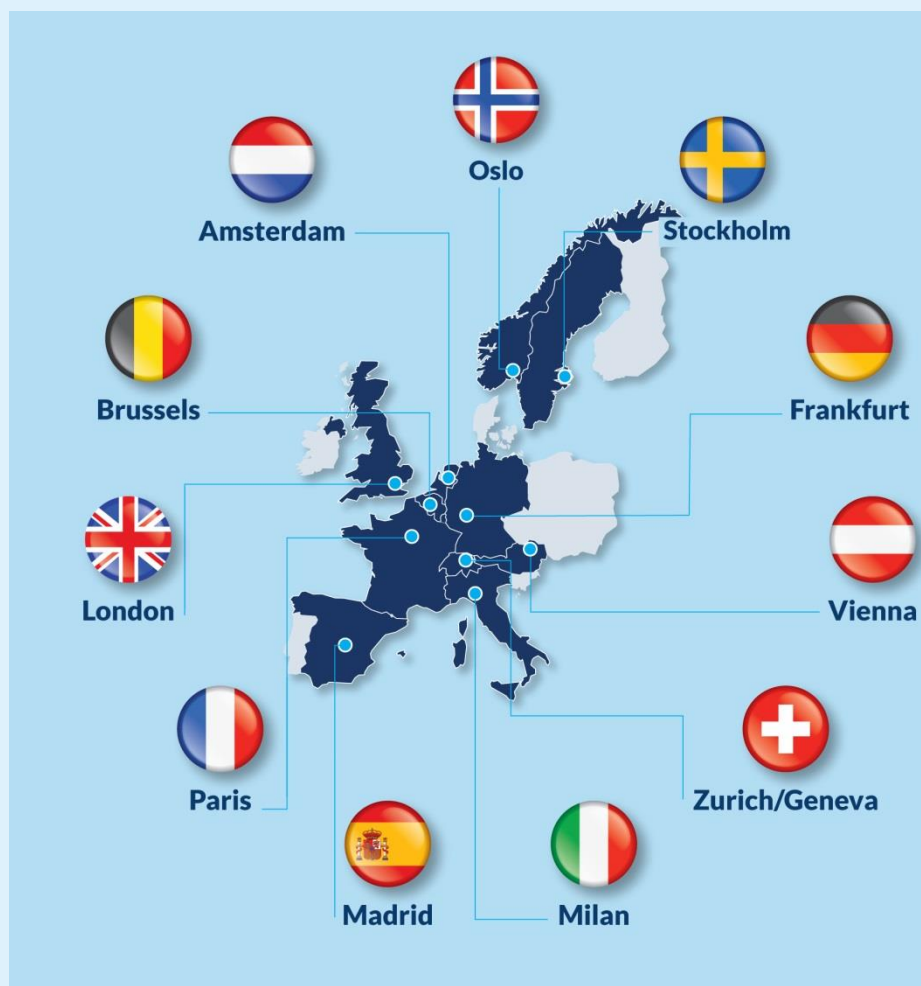
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