

Clasquin

France | Support services | MCAP EUR 46.0m

19 March 2020

Hold

Target Price	EUR 28.00 (36.00)
Current Price	EUR 20.00
Up/downside	40.0%
Change in TP	-22.2%
Change in EPS	8.2% 19E / down nm 20E

Excellent FY 2019 results - all eyes are on 2020

Clasquin's excellent FY 2019 earnings are likely to be overlooked in the current context. We slash 2020 estimates while keeping in mind the solid fundamentals of the company.

From a local/supply-driven to global/demand-driven risk

The situation in Asia is normalising after two difficult months, with Clasquin's employees now back in the office and production recovering at a country level. The risk is now transferring to other parts of the world on the demand side as Europe is shutting down and the US is likely to take radical measures on trade. Clearly, activity during April and May will be hit hard, while uncertainty remains for subsequent months.

Rewarding 2019

The COVID-19 crisis has come after a very active period for Clasquin (ex: full implementation of the new TMS software, structuring of the U.S. subsidiary, bolt-on acquisitions, niche diversification) and will not counteract any major ongoing projects. FY 2019 results are excellent, although they likely to be overlooked in the current context. GP is up 11% LFL, EBITDA up 19% LFL, current EBIT up 30% LFL (conversion ratio up 1.7pts to 11.4%) and net profit group share up 39% to EUR3.9m. Earnings are a fair bit higher than we expected (8% delta on net income, 15% on current EBIT). Operating cash flow have massively improved from EUR4m to EUR16m. Key factor of success were plenty. They include robust growth in the US and MENA, robust unit margins as well as tight control of opex despite the costs associated with the global deployment of the new TMS.

We cut 2020 estimates amid unprecedented uncertainty

The very challenging outlook for H1 leads us to review our estimates for this year, although we are aware that visibility is poor at this stage. We assume that top line will be down 30% in H1 before normalising during H2. Clasquin will have recourse to the partial unemployment plan for its French employees (state to cover 85% of net salary until 4.5x the minimum wage for maximum six weeks) which will greatly buffer the impact on profitability given the human-intensive and asset-light nature of the business. Details of change in estimates on page 2.

Current valuation does not reflect sound fundamentals

We understand the sharp share price decline given the limited liquidity of shares and Clasquin's exposure to global trade. However, from a valuation standpoint, it looks exaggerated given the solid fundamentals and the extra COVID-19 prospects. Stockholders should hold their position. DCF-derived valuation points to a new TP of EUR28, down from EUR36.

Baptiste de Leudeville

Equity Research Analyst

bdeleudeville@keplercheuvreux.com

+33 1 53 65 36 55

Market data

Bloomberg: ALCLA FP	Reuters: ALCLA.PA
Market cap (EURm)	46
Free float	39%
No. of shares outstanding (m)	2
Avg. daily volume (EURm)	0,0
YTD abs performance	-42,9%
52-week high/low (EUR)	0.41/0.20

FY to 31/12 (EUR)	12/19E	12/20E	12/21E
Sales (m)	331,3	288,5	317,0
EBITDA adj (m)	13,9	7,7	10,3
EBIT adj (m)	8,1	4,3	7,2
Net profit adj (m)	3,9	1,5	3,4
Net debt (m)	17,2	23,4	22,4
FCF (m)	10,3	-2,4	3,4
EPS adj. and fully dil.	1,71	0,67	1,46
Consensus EPS	1,88	2,17	2,50
Net dividend	0,91	0,36	0,78

FY to 31/12 (EUR)	12/19E	12/20E	12/21E
P/E adj and ful. dil.	11,7	29,7	13,7
EV/EBITDA	4,8	9,6	7,1
EV/EBIT	8,3	16,9	10,2
FCF yield	22,3%	-5,3%	7,4%
Dividend yield	4,5%	1,8%	3,9%
Net debt/EBITDA	1,2	3,0	2,2
Gearing	62,9%	88,4%	77,7%
ROIC	12,2%	6,1%	9,3%
EV/IC	1,6	1,5	1,5



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Change in estimates

Table 1: Change in estimates

	Old estimates			New estimates			Change %		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
GP	79,6	84,3	88,1	66,8	73,4	78,4	-16%	-13%	-11%
Growth	4%	6%	4%	-13%	10%	7%			
Current EBIT	7,8	8,9	9,7	5,3	7,7	8,6	-31%	-13%	-11%
Growth	4%	14%	9%	-38%	44%	12%			
%GP (Conversion ratio)	9,8%	10,5%	11,0%	8,0%	10,5%	11,0%			
Net Profit	3,8	4,5	5,0	1,5	3,4	3,9	-59%	-25%	-22%
Growth	5%	18%	12%	-61%	117%	17%			
%GP	4,8%	5,3%	5,7%	2,3%	4,6%	5,0%			

Source: Kepler Cheuvreux

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	331,3	288,5	317,0
% Change	1,8%	16,1%	0,3%	23,6%	6,1%	7,4%	-12,9%	9,9%
EBITDA adjusted	4,6	8,2	7,1	7,4	9,3	13,9	7,7	10,3
EBITDA margin adj. (%)	2,3%	3,5%	3,0%	2,5%	3,0%	4,2%	2,7%	3,2%
EBIT adjusted	3,1	6,3	4,0	5,4	5,8	8,1	4,3	7,2
EBIT margin adj. (%)	1,5%	2,7%	1,7%	1,9%	1,9%	2,4%	1,5%	2,3%
Net financial items & associates	-0,4	-0,1	-0,5	-0,7	-0,2	-1,0	-1,0	-1,0
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	-2,6	-1,2	-2,3
Net profit from continuing operations	1,8	4,2	2,0	2,4	3,4	4,5	2,1	3,9
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	2,0	2,4	3,4	4,5	2,1	3,9
Net profit reported	2,1	3,3	1,5	2,0	2,8	3,9	1,5	3,4
Net profit adjusted	2,1	3,3	1,5	2,0	2,8	3,9	1,5	3,4
Cash Flow Statement (EURm)								
Levered post tax CF before capex	na	na	1,3	1,9	4,5	13,7	0,2	6,0
Capex	-2,9	-2,4	-3,6	-3,6	-3,6	-3,5	-2,7	-2,6
Free cash flow	na	na	-2,3	-1,7	0,9	10,3	-2,4	3,4
Acquisitions & divestments	-1,8	-8,5	-0,6	0,1	-1,8	-5,0	0,0	0,0
Dividend paid	-2,2	-2,1	-2,9	-1,9	-2,6	-2,2	-2,8	-1,6
Others	-0,4	1,5	-0,1	-1,5	0,0	-0,9	-0,9	-0,9
Change in net financial debt	na	na	5,9	5,1	3,6	-2,1	6,2	-0,9
Balance Sheet (EURm)								
Intangible assets	11,4	17,3	19,1	19,6	22,0	27,1	27,2	27,2
Tangible assets	6,2	3,8	5,2	5,1	5,7	5,8	6,0	6,0
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	23,2	22,9	24,5	26,7	26,0	28,4
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	12,8	16,4	19,3	17,2	23,4	22,4
Net financial debt	0,7	5,2	11,6	16,0	18,9	16,8	23,0	22,1
IFRS 16 debt	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net working capital	6,2	6,3	9,2	12,7	14,3	9,3	14,4	16,9
Invested capital	23,8	27,3	33,5	37,4	42,0	42,2	47,6	50,1
Per share data (EUR)								
EPS adjusted	0,92	1,45	0,67	0,85	1,23	1,71	0,67	1,46
EPS adj and fully diluted	0,92	1,45	0,67	0,85	1,23	1,71	0,67	1,46
% Change	-3,9%	57,8%	-54,1%	27,7%	44,8%	38,5%	-60,5%	116,8%
EPS reported	0,92	1,45	0,67	0,85	1,23	1,71	0,67	1,46
Cash flow per share	na	na	0,56	0,81	1,94	5,96	0,10	2,60
Book value per share	9,22	9,42	8,78	8,57	9,31	10,04	9,48	10,26
Dividend per share	0,80	1,25	0,80	0,80	0,65	0,91	0,36	0,78
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%	7,3%	9,8%	13,8%	17,6%	6,9%	14,8%
ROIC (%)	8,9%	16,9%	7,6%	9,2%	9,2%	12,2%	6,1%	9,3%
Net debt / EBITDA (x)	0,5	0,8	1,8	2,2	2,1	1,2	3,0	2,2
Gearing (%)	3,0%	21,9%	50,0%	69,7%	77,4%	62,9%	88,4%	77,7%
Valuation								
P/E adjusted	27,8	20,3	44,5	39,0	29,7	11,7	29,7	13,7
P/E adjusted and fully diluted	27,8	20,3	44,5	39,0	29,7	11,7	29,7	13,7
P/BV	2,8	3,1	3,4	3,9	3,9	2,0	2,1	2,0
P/CF	na	na	53,0	40,9	18,8	3,4	na	7,7
Dividend yield (%)	3,1%	4,2%	2,7%	2,4%	1,8%	4,5%	1,8%	3,9%
FCF yield (%)	na	na	-3,3%	-2,3%	1,0%	22,3%	-5,3%	7,4%
EV/Sales	0,3	0,3	0,4	0,3	0,3	0,2	0,3	0,2
EV/EBITDA adj.	13,8	9,2	11,8	13,0	11,5	4,8	9,6	7,1
EV/EBIT adj.	20,4	12,1	20,9	17,6	18,4	8,3	16,9	10,2

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Companies mentioned

Stock	ISIN	Currency	Price
Clasquin	FR0004152882	EUR	20,00

Source: Factset closing prices of 17/03/2020

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Source: KEPLER CHEUVREUX

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	31/10/2019 08:39	Equity Research	Hold	38.00	35.90
	21/02/2020 08:39	Equity Research	Hold	36.00	39.50

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Amsterdam

Kepler Cheuvreux Benelux
Johannes Vermeerstraat 9
1071 DK Amsterdam
+31 20 573 06 66

Brussels

Kepler Cheuvreux
Rogier Tower
Place Rogier 11
1210 Brussels, Belgium
+32 11 491460

Frankfurt

Kepler Cheuvreux Germany
Taunusanlage 18
60325 Frankfurt
+49 69 756 960

Geneva

Kepler Cheuvreux SA
Route de Crassier 11
1262 - Eysins
Switzerland
+41 22361 5151

London

Kepler Cheuvreux UK
5th Floor
95 Gresham Street
London EC2V 7NA
+44 20 7621 5100

Madrid

Kepler Cheuvreux Espana
Paseo de la Castellana, 52
28046 Madrid
+34 914 36 5100

Milan

Kepler Cheuvreux Italia
Via C. Cornaggia 10
20123 Milano
+39 02 8550 7201

Oslo

Kepler Cheuvreux Norway
Filipstad Brygge 1
Pb. 1671 Vika
0120 Oslo
+47 23 13 9080

Paris

Kepler Cheuvreux France
112 Avenue Kleber
75016 Paris
+33 1 53 65 35 00

Stockholm

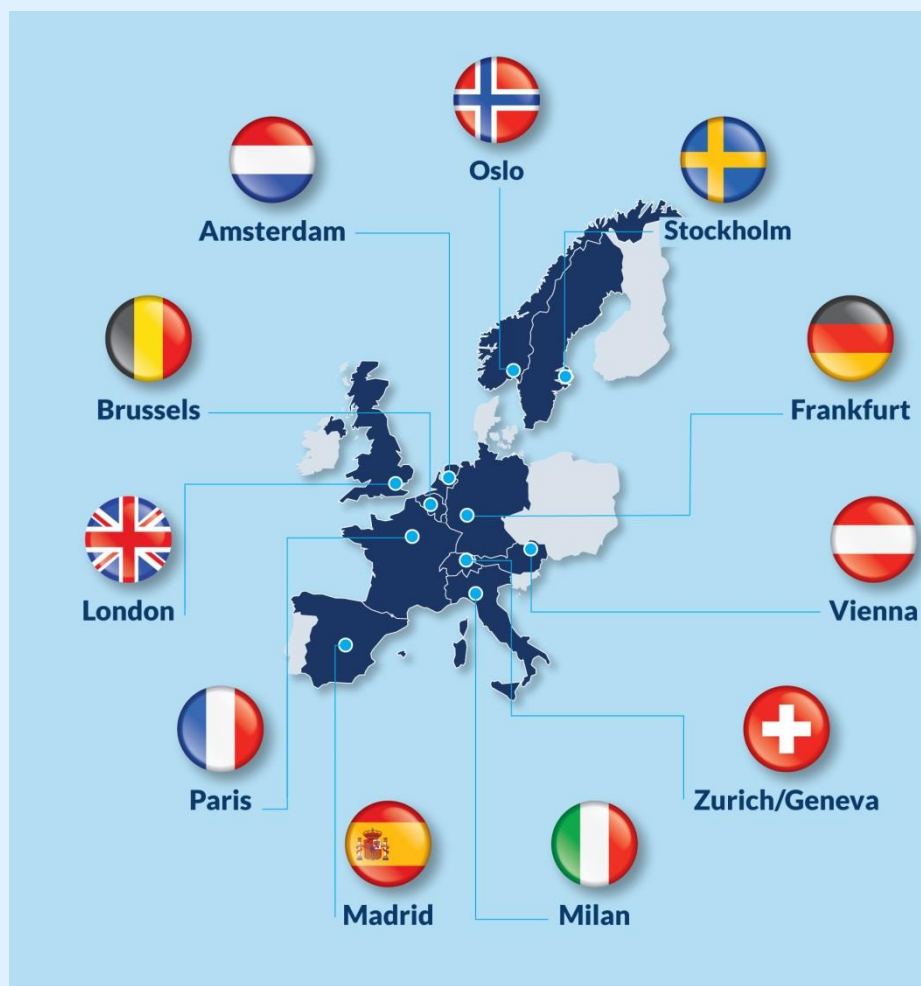
Kepler Cheuvreux Sweden
Malmskillnadsgatan 23
11157 Stockholm
+468 723 51 00

Vienna

Kepler Cheuvreux Vienna
Schottenring 16/2
Vienna 1010
+43 1 537 124 147

Zurich

Kepler Cheuvreux Switzerland
Stadelhoferstrasse 22
Postfach
8024 Zurich
+41 43 333 66 66



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North America

Boston

Kepler Capital Markets, Inc.
225 Franklin Street, Floor 26
Boston, MA 02110
+1 617 217 2615

New York

Kepler Capital Markets, Inc.
Tower 49
12 East 49th Street, Floor 36
10017 New York, NY USA
+1 212 710 7600