

Clasquin

France | Support services | MCAP EUR 71.0m

22 September 2016

Hold

Target Price EUR 30.00 (31.00)
Current Price EUR 30.80
Up/downside -2.6%
Change in TP -3.2%
Change in EPS -22.8% 2016E

Organisational changes weigh on earnings

Clasquin is implementing major organisational changes during a slowdown period for freight. Despite a nice commercial performance in H1, earnings are suffering. We lower our TP to EUR30.

Double-digit decline in H1 earnings

Reported H1 2016 earnings fell short of our expectations. Recurring EBIT came out at EUR2m (vs. EUR2.5 in H1 2015), a decline of 22%. Net income was 45% lower than last year (EUR0.8m against EUR1.5m). We did expect a challenging first half, to some extent, after the confirmation in August (H1 sales release) of difficult market conditions in both air and sea freights (gross profit went down 1% on comparable scope), but the operating costs, in relation to important IT and governance reorganisation grew more than we anticipated (+5.2%). A summary of results versus our estimates can be found on page 2.

Resizing implies increasing cost base

Clasquin is implementing a major change in its organisation with the rollout, starting Spring 2017, of new operational software for the entire group operations. Until now, the company has used a proprietary tool, but the business growth and the nature of the freight forwarding business (international presence, high number of operations and suppliers) made such a change a requisite. Obviously, a more performing IT tool will be beneficial in the long run (performing operational software is core in freight forwarding). In return, we should expect a higher cost base in the next 2-3 years, most of it in the form of opex (SaaS-type payment, hiring of IT staff) and a small portion in capex.

Lower earnings should not hinder commercial performance

Despite the hit on earnings, one should not underestimate the commercial performance recorded by the group in a challenging context. Volume metrics were consistently above the market average (+2.3% in the number of shipping, +20% and +5% in sea and air cargo tonnage respectively) when the freight market was declining in the low single-digit area.

Revised estimates, adjusting TP

We raise our opex for the 2016-18E period to reflect a higher cost base, thus lowering our earnings forecasts. The negative impact on our DCF model is, to some extent, offset by the factoring of higher revenue growth and efficiency gains in the long term thanks to the new IT architecture. TP lowered from EUR31 to EUR30.

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Market data

Bloomberg: ALCLA.FP	Reuters: ALCLA.PA
Market cap (EURm)	71
Free float	39%
No. of shares outstanding (m)	2
Avg. daily volume (EURm)	0.0
YTD abs performance	-10.7%
52-week high/low (EUR)	36.20/28.72

FY to 31/12 (EUR)	12/16E	12/17E	12/18E
Sales (m)	237.4	241.4	245.6
EBITDA adj (m)	7.6	7.7	7.9
EBIT adj (m)	5.4	5.5	5.5
Net profit adj (m)	2.8	2.8	2.9
Net fin. debt (m)	7.2	7.3	7.3
FCF (m)	0.8	2.8	2.9
EPS adj. and fully dil.	1.20	1.23	1.25
Consensus EPS	1.63	1.75	1.91
Net dividend	1.04	1.06	1.08

FY to 31/12 (EUR)	12/16E	12/17E	12/18E
P/E adj and ful. dil.	25.6	25.1	24.6
EV/EBITDA	10.8	10.7	10.6
EV/EBIT	15.3	15.2	15.0
FCF yield	1.2%	3.9%	4.1%
Dividend yield	3.4%	3.4%	3.5%
Net fin. debt/EBITDA	0.9	0.9	0.9
Gearing	29.4%	28.8%	27.9%
ROIC	12.2%	11.7%	11.4%
EV/IC	2.7	2.7	2.6



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EURm	H1 2016 reported	H1 2016 KECH est.	H1 2015 reported
Current EBIT	2.0	2.4	2.5
<i>Growth</i>	-21.6%	-6.0%	109.5%
<i>REBIT margin</i>	7.2%	8.5%	9.5%
Net income	0.8	1.4	1.4
<i>Growth</i>	-45.5%	-3.0%	148.2%
<i>Net margin</i>	2.9%	4.9%	5.3%

Source: Kepler Cheuvreux

Key financials

FY to 31/12 (EUR)	2011	2012	2013	2014	2015	2016E	2017E	2018E
Per share data								
EPS adjusted	1.33	0.91	0.96	0.92	1.45	1.20	1.23	1.25
EPS adj and fully diluted	1.33	0.91	0.96	0.92	1.45	1.20	1.23	1.25
% Change	-9.7%	-31.4%	4.8%	-3.9%	57.8%	-17.2%	2.0%	2.0%
EPS reported	1.33	0.91	0.96	0.92	1.45	1.20	1.23	1.25
Cash flow per share	2.54	0.80	2.20	2.84	3.57	1.63	2.50	2.54
Book value per share	9.12	9.17	9.15	9.22	9.42	9.47	9.52	9.57
Dividend per share	1.20	0.75	0.75	0.80	1.25	1.04	1.06	1.08
Number of shares, YE (m)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Valuation								
P/E adjusted	16.3	21.4	21.9	27.8	20.3	25.6	25.1	24.6
P/E adjusted and fully diluted	16.3	21.4	21.9	27.8	20.3	25.6	25.1	24.6
P/BV	2.4	2.1	2.3	2.8	3.1	3.3	3.2	3.2
P/CF	8.5	24.4	9.5	9.0	8.2	18.9	12.3	12.1
Dividend yield (%)	5.5%	3.8%	3.6%	3.1%	4.2%	3.4%	3.4%	3.5%
FCF yield (%)	6.3%	-2.2%	4.8%	6.2%	8.6%	1.2%	3.9%	4.1%
EV/Sales	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
EV/EBITDA	5.9	7.4	7.9	13.2	9.5	10.8	10.7	10.6
EV/EBIT	7.9	10.9	10.9	20.0	11.4	15.3	15.2	15.0
Income Statement (EURm)								
Sales	171.4	184.6	198.1	201.7	234.2	237.4	241.4	245.6
% Change	-4.3%	7.7%	7.3%	1.8%	16.1%	1.3%	1.7%	1.7%
EBITDA adjusted	7.7	6.3	6.3	4.7	8.0	7.6	7.7	7.9
EBITDA margin (%)	4.5%	3.4%	3.2%	2.4%	3.4%	3.2%	3.2%	3.2%
EBIT adjusted	5.8	4.3	4.6	3.1	6.7	5.4	5.5	5.5
EBIT margin (%)	3.4%	2.3%	2.3%	1.6%	2.9%	2.3%	2.3%	2.3%
Net financial items & associates	-0.5	-0.4	-0.4	-0.4	-0.1	-0.1	-0.1	-0.1
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	-1.9	-1.4	-1.6	-0.9	-1.9	-1.8	-1.9	-1.9
Net profit from continuing operations	3.3	2.3	2.5	1.8	4.2	3.4	3.5	3.5
Net profit from discontinuing activities	0.0	0.0	0.0	0.7	-0.3	0.0	0.0	0.0
Net profit before minorities	3.3	2.3	2.5	2.5	4.0	3.4	3.5	3.5
Net profit reported	3.1	2.1	2.2	2.1	3.3	2.8	2.8	2.9
Net profit adjusted	3.1	2.1	2.2	2.1	3.3	2.8	2.8	2.9
Cash Flow Statement (EURm)								
Cash flow from operating activities	5.9	1.8	5.1	6.5	8.2	3.7	5.8	5.8
Capex	-2.7	-2.8	-2.8	-2.9	-2.4	-2.9	-3.0	-2.9
Free cash flow	3.1	-1.0	2.3	3.7	5.8	0.8	2.8	2.9
Acquisitions & Divestments	0.2	-1.6	0.0	-1.8	-8.5	0.0	0.0	0.0
Dividend paid	-2.9	-2.1	-2.0	-2.2	-2.1	-2.7	-2.7	-2.8
Others	0.0	-0.3	-0.5	-0.4	1.5	-0.1	-0.1	-0.1
Change in net financial debt	0.5	-5.1	-0.1	-0.7	-3.2	-2.0	-0.1	0.0
Balance Sheet (EURm)								
Intangible assets	6.1	7.7	8.4	11.4	17.3	17.9	18.6	19.2
Tangible assets	5.5	5.8	5.5	6.2	3.8	3.8	3.8	3.8
Financial & other non-current assets	1.3	1.5	1.4	1.8	2.9	2.9	2.9	2.9
Total shareholders' equity	22.3	22.3	22.2	23.3	23.8	24.5	25.3	26.0
Pension provisions	0.4	0.6	0.7	1.1	1.1	1.1	1.1	1.1
Liabilities and provisions	47.4	59.0	65.8	73.3	85.5	105.0	106.4	107.8
Net debt	-5.4	0.4	0.6	1.8	6.3	8.3	8.4	8.3
Working capital requirement	4.8	8.6	8.0	6.2	6.3	8.3	8.5	8.6
Invested Capital	16.3	22.0	21.9	23.8	27.3	30.0	30.9	32.6
Ratios								
ROE (%)	14.9%	10.0%	10.4%	10.0%	15.6%	12.7%	12.9%	13.1%
ROIC (%)	22.4%	14.1%	13.0%	9.1%	17.0%	12.2%	11.7%	11.4%
Net fin. debt / EBITDA (x)	-0.8	0.0	0.0	0.1	0.6	0.9	0.9	0.9
Gearing (%)	-26.1%	-0.8%	-0.5%	3.0%	21.9%	29.4%	28.8%	27.9%

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Stock	ISIN	Disclosure (See Below)	Currency	Price
Clasquin	FR0004152882	8	EUR	30.80

Source: Factset closing prices of 21/09/2016

Companies mentioned

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Rating breakdown	A	B
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Total	100.0%	100.0%

Source: Kepler Cheuvreux

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Clasquin (EUR)	14/10/2015 08:51	Equity Research	Hold	36.00	34.62
	29/04/2016 09:03	Equity Research	Hold	35.00	30.80
	29/08/2016 07:30	Equity Research	Hold	31.00	30.99

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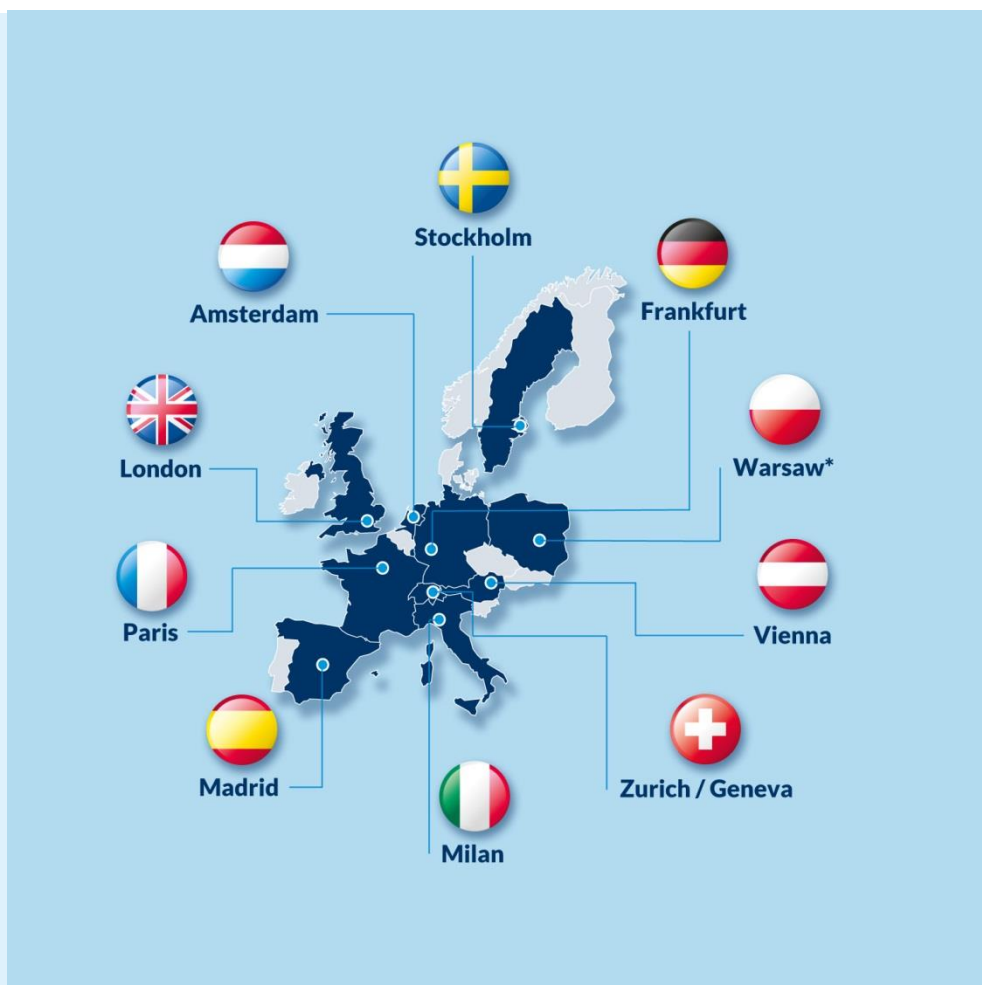
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