

Clasquin

France | Support services | MCAP EUR 85.2m

21 September 2017

Hold (Buy)

Target Price	EUR 35.00 (33.00)
Current Price	EUR 37.00
Up/downside	-5.4%
Change in TP	6.1%
Change in EPS	none 17E / 2.7% 18E

Robust interim earnings

Clasquin's bottom-line is doing very well. We downgrade our rating to Hold and raise our TP to EUR35 in order to highlight a fair valuation.

Spectacular bottom-line growth

Interim 2017 earnings show a spectacular 30% growth in both current operating income and net profit and a corresponding increase of margins: EBIT margin up 140bps to 8.6% and net margin up 60bps to 3.5%. The results, although not much different from our expectations, confirm the signals sent throughout the semester. Strong H1 earnings results from better market conditions (recovery of global trade, easing of overcapacity pressures) and Clasquin's remarkable commercial performance. The group is also reaping the rewards from the structural investments made in 2016.

Strong top-line growth gives rise to positive leverage effects

Earnings benefited from the recovery of global trade in the first six months. The overall freight market grew in the 3-4% area (vs. no growth in 2016) and should continue to do so in the second half. At the same time, the end of major overcapacity pressures allowed to ease pressure on gross profit. In this context, Clasquin outperformed the industry thanks to excellent commercial performance (number of shipments were up 9% at comparable scope in H1). Clasquin said to have registered the acquisition of a number of new clients while increasing its market shares with existing ones. Overall activity in key markets (US, France) is good and the recovery of the Asia/Europe route is confirming.

The roll-out of the new IT tool will support future earnings

Clasquin is reaping the rewards from the development investments engaged in 2016 in: 1) the structuring of some international offices (Chile, Portugal, etc.); 2) the development of new profitable verticals (acquisition of Art Shipping); and 3) the strengthening of the top management. In the next 2/3 years, we expect the rollout of Clasquin's new Transport Management System (TMS) across all group operations to be a solid driver for earnings growth (KECH: expecting 2pp gain in operating margin by 2021). The project is major for the group as performing operational software is core in freight forwarding. The system is already used in two pilot offices (Milan and HK) and is being deployed at Chinese subsidiaries.

Valuation starts to be demanding, turn to Hold

We base our valuation using a DCF (WACC: 8%). Major assumptions include 2% revenue LT growth and EBIT margin of 14% (from c.11% in 2017E). While raising TP to EUR35 after upgrading EBIT estimates, the current valuation starts to look demanding in our view and justifies a change in rating from Buy to Hold.

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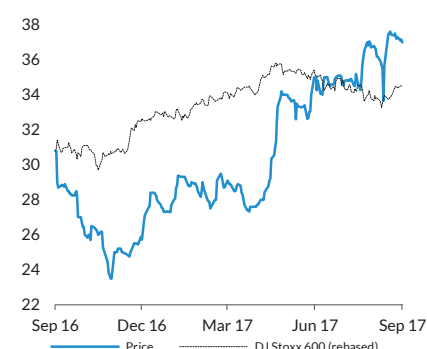
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Market data

Bloomberg: ALCLA FP	Reuters: ALCLA.PA
Market cap (EURm)	85
Free float	39%
No. of shares outstanding (m)	2
Avg. daily volume (EURm)	0.0
YTD abs performance	30.3%
52-week high/low (EUR)	37.61/23.50

FY to 31/12 (EUR)	12/17E	12/18E	12/19E
Sales (m)	251.7	263.3	273.6
EBITDA adj (m)	8.6	9.3	10.0
EBIT adj (m)	6.6	7.3	7.9
Net profit adj (m)	3.5	3.9	4.3
Net fin. debt (m)	10.7	10.6	10.3
FCF (m)	2.3	3.1	3.6
EPS adj. and fully dil.	1.50	1.70	1.88
Consensus EPS	1.45	1.65	1.91
Net dividend	1.22	1.38	1.52

FY to 31/12 (EUR)	12/17E	12/18E	12/19E
P/E adj and ful. dil.	24.7	21.7	19.7
EV/EBITDA	11.6	10.8	10.0
EV/EBIT	15.3	13.8	12.8
FCF yield	2.7%	3.6%	4.3%
Dividend yield	3.3%	3.7%	4.1%
Net fin. debt/EBITDA	1.2	1.1	1.0
Gearing	41.4%	38.6%	35.4%
ROIC	12.4%	13.0%	13.2%
EV/IC	2.8	2.7	2.5



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