

Clasquin

France | Support services | MCAP EUR 90.0m

26 October 2018

Hold

Target Price	EUR 39.00 (41.00)
Current Price	EUR 39.10
Up/downside	-0.3%
Change in TP	-4.9%
Change in EPS	-3.3% 18E / -4.2% 19E

Softer growth

Gross profit growth slowed in Q3 as expected on the back of a more challenging environment for trade. The performance for the quarter (gross profit up 8%) can still be considered positive thanks to strong air freight and newly developed activities. Although somewhat expected, there was a marked slowdown in ocean freight, which tends to confirm softer-than-expected Q3 deliveries from global freight forwarders and the downbeat sentiment surrounding the sector. We slightly cut our 2018-19 gross profit forecasts as a result with a EUR2 impact on TP (from EUR41 to EUR39).

A slower pace in Q3 was expected

Gross profit was up 8.4% in Q3, slightly short of our estimates (KECH: +10.5%). The air freight division maintained strong double-digit growth in volume (+17%) and gross profit (+18%). On the contrary, ocean freight marked a significant decrease in momentum compared to previous quarters with volume growth of +3.6% (vs. +16% in H1) and negative gross profit growth of -4% (vs. +5% in H1) on the back of a deteriorating and historically low gross profit/volume ratio (CHF150/TEU). Newly developed activities including "Fairs & Events" and "Road brokerage", continues to develop well (+35% in gross profit).

Slight cut in estimates and TP

We slightly cut our gross profit forecasts for 2018E and 2019E by 3% and 4% respectively after accounting for a steeper volume slowdown in ocean freight as well as lower gross profit/volume (-4%). The impact on our DCF valuation (8.2% WACC, 3% LTG, 12.5% LTM) is EUR2 per share. We are not using peers for valuation purposes, but it is worth noting that the valuation discount for global listed freight forwarders (K+N, DSV, Panalpina) has been narrowing, and is now in the single digits, which could be considered unjustified.

Investment case fundamentally unchanged

The investment case is fundamentally unchanged: in a somewhat moderate and uncertain context for trade (though still firmly above the post-financial crisis average), we see Clasquin as capable of continued growth that is faster than market benchmarks, while returning to low double-digit profitability (EBIT margin and ROIC) this year. We see value ahead thanks to the unfolding niche strategy, better IT tools, and scale effects.

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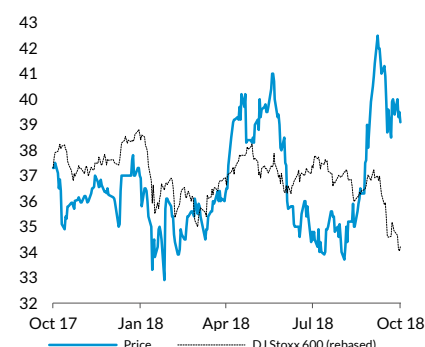
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Market data

Bloomberg: ALCLA FP	Reuters: ALCLA.PA
Market cap (EURm)	90
Free float	39%
No. of shares outstanding (m)	2
Avg. daily volume (EURm)	0.0
YTD abs performance	8.6%
52-week high/low (EUR)	42.50/32.90

FY to 31/12 (EUR)	12/18E	12/19E	12/20E
Sales (m)	68.1	73.1	77.6
EBITDA adj (m)	9.0	10.1	11.1
EBIT adj (m)	7.2	8.3	9.2
Net profit adj (m)	3.8	4.6	5.1
Net fin. debt (m)	21.6	22.6	23.0
FCF (m)	-3.4	2.4	3.5
EPS adj. and fully dil.	1.66	1.98	2.23
Consensus EPS	1.63	2.02	2.30
Net dividend	1.33	1.58	1.78

FY to 31/12 (EUR)	12/18E	12/19E	12/20E
P/E adj and ful. dil.	23.5	19.7	17.5
EV/EBITDA	12.9	11.6	10.7
EV/EBIT	16.1	14.1	12.8
FCF yield	-3.8%	2.7%	3.9%
Dividend yield	3.4%	4.1%	4.6%
Net fin. debt/EBITDA	2.4	2.2	2.1
Gearing	86.4%	84.0%	80.1%
ROIC	11.2%	11.5%	12.1%
EV/IC	2.6	2.4	2.4



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Key financials

FY to 31/12 (EUR)	12/13	12/14	12/15	12/16	12/17	12/18E	12/19E	12/20E
Income Statement (EURm)								
Sales	47.4	43.6	55.5	57.5	62.9	68.1	73.1	77.6
% Change	5.1%	-8.0%	27.3%	3.6%	9.4%	8.2%	7.3%	6.2%
EBITDA adjusted	6.3	4.6	8.2	7.1	7.4	9.0	10.1	11.1
EBITDA margin (%)	13.3%	10.5%	14.8%	12.4%	11.7%	13.2%	13.8%	14.3%
EBIT adjusted	4.5	3.1	6.3	4.6	5.9	7.2	8.3	9.2
EBIT margin (%)	9.5%	7.1%	11.3%	8.0%	9.3%	10.6%	11.4%	11.9%
Net financial items & associates	-0.4	-0.4	-0.1	-0.5	-0.7	-0.6	-0.6	-0.6
Others	0.0	0.0	0.0	0.0	-0.4	0.0	0.0	0.0
Tax	-1.6	-0.9	-1.9	-1.5	-1.9	-2.4	-2.7	-3.0
Net profit from continuing operations	2.5	1.8	4.2	2.6	2.8	4.2	5.0	5.5
Net profit from discontinuing activities	0.0	0.7	-0.3	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	2.5	2.5	4.0	2.6	2.8	4.2	5.0	5.5
Net profit reported	2.2	2.1	3.3	2.1	2.4	3.8	4.6	5.1
Net profit adjusted	2.2	2.1	3.3	2.1	2.4	3.8	4.6	5.1
Cash Flow Statement (EURm)								
Cash flow from operating activities	5.1	6.5	8.2	1.9	2.3	0.3	5.9	7.0
Capex	-2.8	-2.9	-2.4	-3.6	-3.6	-3.7	-3.5	-3.5
Free cash flow	2.3	3.7	5.8	-1.7	-1.3	-3.4	2.4	3.5
Acquisitions & Divestments	0.0	-1.8	-8.5	-0.6	0.1	0.0	0.0	0.0
Dividend paid	-2.0	-2.2	-2.1	-2.9	-1.9	-2.1	-3.2	-3.7
Others	-0.5	-0.4	1.5	-0.1	-1.5	-0.2	-0.2	-0.2
Change in net financial debt	-0.1	-0.7	-3.2	-5.4	-4.7	-5.7	-0.9	-0.4
Balance Sheet (EURm)								
Intangible assets	8.4	11.4	17.3	19.1	19.6	20.4	21.1	21.8
Tangible assets	5.5	6.2	3.8	5.2	5.1	5.9	6.6	7.3
Financial & other non-current assets	1.5	1.8	2.9	2.8	2.8	2.8	2.8	2.8
Total shareholders' equity	22.2	23.3	23.8	23.8	22.9	25.0	26.9	28.7
Pension provisions	0.7	1.1	1.1	0.8	0.9	0.9	0.9	0.9
Liabilities and provisions	65.8	73.3	85.5	93.8	102.9	135.2	142.4	147.0
Net financial debt	-0.1	0.7	5.2	11.0	16.0	21.6	22.6	23.0
Working capital requirement	8.0	6.2	6.3	9.2	12.7	18.9	20.2	21.1
Invested Capital	21.9	23.8	27.3	33.5	37.4	45.2	48.0	50.2
Per share data								
EPS adjusted	0.96	0.92	1.45	0.92	1.03	1.66	1.98	2.23
EPS adj and fully diluted	0.96	0.92	1.45	0.92	1.03	1.66	1.98	2.23
% Change	4.8%	-3.9%	57.8%	-36.6%	12.5%	60.9%	18.9%	12.7%
EPS reported	0.96	0.92	1.45	0.92	1.03	1.66	1.98	2.23
Cash flow per share	2.20	2.84	3.57	0.81	0.99	0.15	2.57	3.06
Book value per share	9.15	9.22	9.42	9.03	8.57	9.33	9.94	10.54
Dividend per share	0.75	0.80	1.25	0.80	0.86	1.33	1.58	1.78
Number of shares, YE (m)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Ratios								
ROE (%)	10.4%	10.0%	15.6%	10.0%	11.8%	18.6%	20.6%	21.8%
ROIC (%)	12.7%	8.9%	16.9%	9.6%	9.9%	11.2%	11.5%	12.1%
Net fin. debt / EBITDA (x)	0.0	0.2	0.6	1.5	2.2	2.4	2.2	2.1
Gearing (%)	-0.5%	3.0%	21.9%	46.3%	69.7%	86.4%	84.0%	80.1%
Valuation								
P/E adjusted	21.9	27.8	20.3	32.2	32.1	23.5	19.7	17.5
P/E adjusted and fully diluted	21.9	27.8	20.3	32.2	32.1	23.5	19.7	17.5
P/BV	2.3	2.8	3.1	3.3	3.9	4.2	3.9	3.7
P/CF	9.5	9.0	8.2	36.4	33.3	na	15.2	12.8
Dividend yield (%)	3.6%	3.1%	4.2%	2.7%	2.6%	3.4%	4.1%	4.6%
FCF yield (%)	4.8%	6.2%	8.6%	-2.5%	-1.7%	-3.8%	2.7%	3.9%
EV/Sales	1.1	1.4	1.4	1.4	1.5	1.7	1.6	1.5
EV/EBITDA	7.9	13.7	9.2	11.7	13.1	12.9	11.6	10.7
EV/EBIT	11.1	20.3	12.1	18.1	16.4	16.1	14.1	12.8

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Prices in this report are taken as of the previous day's close (to the date of this report) on the home market unless otherwise stated.

Companies mentioned

Stock	ISIN	Currency	Price
Clasquin	FR0004152882	EUR	39.10

Source: Factset closing prices of 25/10/2018

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Name of the Research Analyst(s): Baptiste de Leudeville

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Rating ratio Kepler Cheuvreux Q3 2018

Rating Breakdown	A	B
Buy	49%	47%
Hold	35%	43%
Reduce	13%	8%
Not Rated/Under Review/Accept Offer	3%	2%
Total	100%	100%

Source: KEPLER CHEUVREUX

A: % of all research recommendations

B: % of issuers to which material services of investment firms are supplied

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Company Name	Date	Business Line	Rating	Target Price	Closing Price
Clasquin (EUR)	27/04/2018 08:58	Equity Research	Hold	37.00	36.50
	27/09/2018 07:10	Equity Research	Hold	41.00	40.50

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

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Buy: The minimum expected upside is 10% over next 12 months (the minimum required upside could be higher in light of the company's risk profile).

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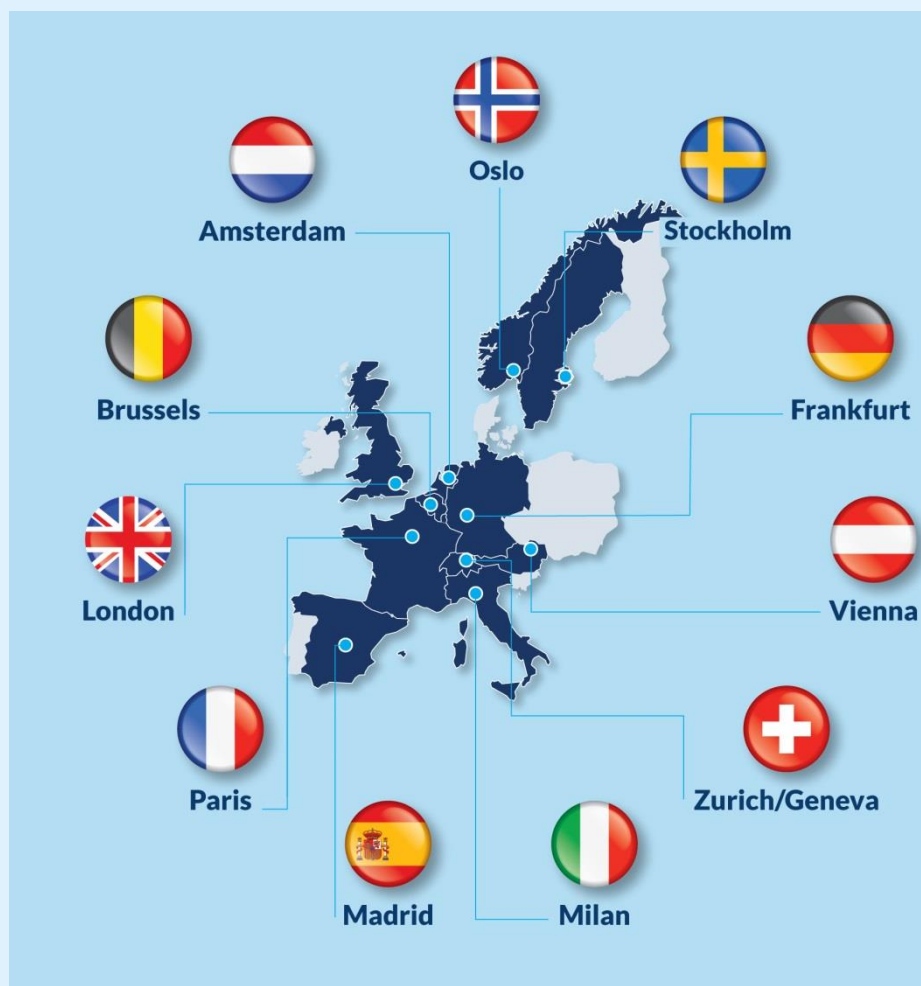
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