

Clasquin

29/11/2018

Industrial transportation

Prospective val. 2022 (€)	40.9
Present value (€)	34.2
Entry point (€)	28.8
Price (€)	35.7

Closing 28/11/18

Bloomberg ticker	ALCLA FP
Market cap. (M€)	82

	12/17	12/18e	12/19e
Sales (EURm)	291	301	301
EBIT (EURm)	5	6	8
EBIT margin (%)	1.9	2.0	2.7
EBIT (adj.) (EURm)	6	6	8
Net Profit (adj.) (EURm)	2	3	4
EPS adjusted (EUR)	1.08	1.23	1.90
Revision (%)	0.0	-18.1	-8.1
Leverage (x)	2.2	2.5	1.6
EV/EBIT (adj.)(x)	16.4	16.7	12.9
P/E (adj.)(x)	33.3	28.9	18.7
Dividend yield (%)	2.4	2.6	4.0

Conclusions of this report lead us to adopt a Target Price of EUR34.20 (from EUR34.80 since 21/09/2018) within the ESN recommendation system.

Claire Deray signed a Research agreement with Clasquin and CIC is the exclusive distributor. CIC is the listing sponsor of Clasquin.

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Disposal of ECS in North America

The facts: The company has announced the sale of its 80% stake in ECS to the company's founder, who still owned a 20% equity stake (formerly Garnet Logistics, a US specialist in freight forwarding). This unit had not grown significantly since being consolidated in 2014 (gross profit of ~EUR3m and slightly negative EBIT).

Our analysis: When first-half results were released management said that it wanted to reorganise the North American business, and the idea of disposing of ECS was mentioned. This announcement is thus in line with the strategy presented. The disposal should rapidly be offset by new client wins thanks to the acceleration of organic growth in North America. In the near term, however, we are cutting our forecasts: 2019 gross profit of EUR68.2m vs EUR71.1m previously. Aside from disposal costs (EUR0.5m announced, recognised in the financial statements for the year ending 31 December 2018) the impact is limited, as ECS was not making an earnings contribution.

Following the results publication we have adjusted our scenario to reflect costs tied to the deployment of new software tools, costs incurred from the sale of ECS, and a tax rate of 41% in 2018 and 38% the following years (vs 34% expected beforehand). Our overall net profit forecasts for 2018-2020 have been cut by 11% on average. After 2020, as the company should benefit from the FY deployment of the new software (ERP in 2018-2019, finance and support functions in 2019-2020), we are raising our forecasts by 2%. Our valuation has been tweaked to allow for the new forecasts: Prospective value EUR40.9 and entry point EUR28.8.

Conclusion & Action: Thanks to investments in growth engines (recruitment, agency openings), Clasquin should continue to outperform the market. While the software overhaul slowed the margin recovery, we expect the improvement to resume from 2019 and continue in the following years. Growth could also be spurred by further acquisitions.