

Clasquin

France | Support services | MCAP EUR 84.7m

22 February 2019

Hold

| | |
|---------------------|---------------------|
| Target Price | EUR 39.00 |
| Current Price | EUR 36.80 |
| Up/downside | 6.0% |
| Change in TP | none |
| Change in EPS | none 18E / none 19E |

Weakened momentum in Q4

Activity slowed in Q4 (GP up 5% vs. double-digit so far) on the back of weak import market in France during the Christmas period and a decreasing underlying air freight market. However, Clasquin posted a strong 2018 year in overall. No change to our TP or rating.

Slowdown in Q4 was factored in our estimates

The slowdown observed in Q3 intensified over the last quarter as indicated by a 4% decrease in operations (vs. +9% in 9M). Air Freight was particularly weak due to a poor French import market where traditional end-of-year spike benefited only very little from replenishment orders (operations down 4%, volume down 15%). Beyond this country-specific event, a less favourable global underlying Air freight market is to blame (+2% in Q4 vs. +5% in Q1 according to DSV). Sea freight remained well oriented though (+3% in operations, +13% in volume). At a group level, GP kept growing in Q4 but at a slower pace (+5% vs. +11.5% after 9M). We did integrate such a slowdown in our estimates (even in excess as we did expect flat GP growth) so that does not come as a surprise.

Yet a very solid year overall

Activity slowdown in Q4 should not hide a strong overall performance in 2018 with volume metrics (+12% in Sea freight, +10% in Air freight) that stood 2 to 3x above market average (estimated to be growing at +4%) and GP growth of ca.10%. Drivers are intact: 1/good commercial performance on existing and newly-develop accounts, 2/diversification in niche market verticals (ex: "Fairs & Events"), and 3/ strengthening of international network (US, Africa). On the side of productivity, Clasquin continues to rollout its new transport management system (80% of worldwide offices are now equipped).

Hold, TP EUR39

DCF central scenario points to a fair value of EUR39 per share. In our DCF (8.2% WACC, 3% terminal growth), we model a 12.5% conversion ratio (vs. 9.3% currently) in cruising speed thanks to the unfolding niche strategy, better IT tools, and scale effects. Our Hold rating is justified by a fair average discount of 15% with industry giants (K+N, DSV, Panalpina) considering lower size and ROIC profile. We add to that a somewhat moderate and uncertain context for trade (although we see Clasquin as capable of outperforming benchmarks in the future). Clasquin will be releasing its FY earnings on 20 March. The group is still guiding for growth significantly above market average in 2019.

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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 | 22,7% |
| 52-week high/low (EUR) | 0.43/0.30 |

| FY to 31/12 (EUR) | 12/18E | 12/19E | 12/20E |
|-------------------------|--------|--------|--------|
| Sales (m) | 314,4 | 337,4 | 358,2 |
| 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 | 1,38 | 1,80 | 2,11 |
| 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. | 22,1 | 18,6 | 16,5 |
| EV/EBITDA | 12,4 | 11,1 | 10,2 |
| EV/EBIT | 15,4 | 13,5 | 12,3 |
| FCF yield | -4,0% | 2,9% | 4,2% |
| Dividend yield | 3,6% | 4,3% | 4,8% |
| 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 | 2,5 | 2,3 | 2,3 |



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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 | 198,1 | 201,7 | 234,2 | 235,0 | 290,6 | 314,4 | 337,4 | 358,2 |
| % Change | 7,3% | 1,8% | 16,1% | 0,3% | 23,6% | 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 (%) | 3,2% | 2,3% | 3,5% | 3,0% | 2,5% | 2,9% | 3,0% | 3,1% |
| EBIT adjusted | 4,5 | 3,1 | 6,3 | 4,6 | 5,9 | 7,2 | 8,3 | 9,2 |
| EBIT margin (%) | 2,3% | 1,5% | 2,7% | 2,0% | 2,0% | 2,3% | 2,5% | 2,6% |
| 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 | 22,1 | 18,6 | 16,5 |
| P/E adjusted and fully diluted | 21,9 | 27,8 | 20,3 | 32,2 | 32,1 | 22,1 | 18,6 | 16,5 |
| P/BV | 2,3 | 2,8 | 3,1 | 3,3 | 3,9 | 3,9 | 3,7 | 3,5 |
| P/CF | 9,5 | 9,0 | 8,2 | 36,4 | 33,3 | na | 14,3 | 12,0 |
| Dividend yield (%) | 3,6% | 3,1% | 4,2% | 2,7% | 2,6% | 3,6% | 4,3% | 4,8% |
| FCF yield (%) | 4,8% | 6,2% | 8,6% | -2,5% | -1,7% | -4,0% | 2,9% | 4,2% |
| EV/Sales | 0,3 | 0,3 | 0,3 | 0,4 | 0,3 | 0,4 | 0,3 | 0,3 |
| EV/EBITDA | 7,9 | 13,7 | 9,2 | 11,7 | 13,1 | 12,4 | 11,1 | 10,2 |
| EV/EBIT | 11,1 | 20,3 | 12,1 | 18,1 | 16,4 | 15,4 | 13,5 | 12,3 |

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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 | 36,80 |

Source: Factset closing prices of 21/02/2019

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|--------------|--|
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| Rating Breakdown | A | B |
|-------------------------------------|------|------|
| Buy | 51% | 49% |
| Hold | 34% | 34% |
| Reduce | 14% | 12% |
| Not Rated/Under Review/Accept Offer | 1% | 5% |
| 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 07:58 | Equity Research | Hold | 37.00 | 36.50 |
| | 27/09/2018 06:10 | Equity Research | Hold | 41.00 | 40.50 |
| | 26/10/2018 06:20 | Equity Research | Hold | 39.00 | 39.10 |

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

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Reduce: There is an expected downside.

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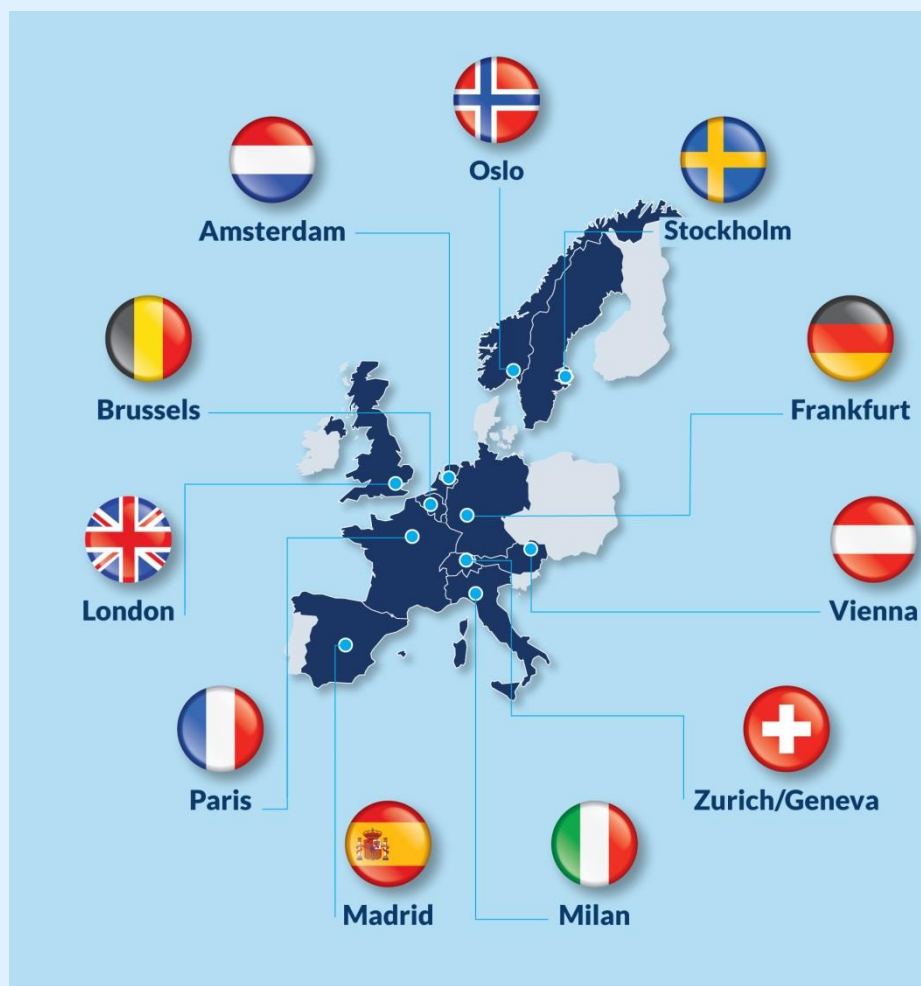
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