

Clasquin

France | Support services | MCAP EUR 80.4m

22 March 2019

Hold

Target Price	EUR 36.00 (39.00)
Current Price	EUR 34.90
Up/downside	3.2%
Change in TP	-7.7%
Change in EPS	-27.1% 18E / -21.1% 19E

Likely calmer waters in 2019

2018 was a good year overall, with double-digit growth in earnings. However, we cut our estimates and adopt a more moderate stance for 2019E with regard to a challenging environment for global trade. Hold, EUR36 TP.

Solid 2018 delivery

Earnings announced yesterday were solid (volume traded, current EBIT and net profit up in a 10-15% range), although lower than expected (KECH: +22% in current EBIT). The conversion ratio (EBIT/GP) increased by 10pps to 9.4%, while we were hoping for a return to double digits this year. We like the fact that Clasquin has been once again outperforming the market by a nice margin (by four times), as it managed to grow its existing customer base and capture new business. Solid volume growth in ocean freight (+14%) did not, however, translate proportionally into GP (+1%) on the back of a marked decline in the GP/volume ratio.

We cut estimates

During the FY earnings presentation, the CEO mentioned that the first quarter was confirming the slowdown observed at the end of last year. Moreover, Clasquin expects a particularly challenging base effect in Q1. In this context, we still expect Clasquin to grow faster than the overall market on a full-year basis (expected to be growing at a 2-3% rate). We however become more prudent for 2019E, now expecting 6% growth in volume and 4% in GP (since we account for declining GP/unit) compared to 9% and 7% respectively before. We still expect conversion ratio (EBIT/GP) to improve on the back of the development of niche expertise and verticals (wine and spirits, fairs and events, fine arts, Roll-on/Roll-Off, etc.) and higher productivity stemming from the integration of new TMS CargoWise. However, we revise down our expectations, now expecting a 40bps margin increase to 9.8% (vs. +150bps previously) after anticipating lower operating leverage.

Fairly priced

The current valuation looks fair to us. Multiples show a 10% discount to global listed freight forwarders (11x EV/EBITDA vs. 12x), which is not exaggerated considering its lower size, conversion ratio, and ROIC profile. A somewhat moderate and uncertain context for trade in 2019 keeps us from being positive on the sector (our head analyst on Business Services, Aymeric Poulain, has a Hold rating on Panalpina, K+N and DSV). The impact of our change in estimates on our DCF (8.2% WACC; 2.5% LTG) is EUR3 per share. The next trading update is on 31 March (Q1 2019 activity).

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Market data

Bloomberg: ALCLA FP	Reuters: ALCLA.PA
Market cap (EURm)	80
Free float	39%
No. of shares outstanding (m)	2
Avg. daily volume (EURm)	0,0
YTD abs performance	16,3%
52-week high/low (EUR)	0.43/0.30

FY to 31/12 (EUR)	12/18E	12/19E	12/20E
Sales (m)	308,3	322,0	334,1
EBITDA adj (m)	9,3	9,5	10,2
EBIT adj (m)	5,9	6,8	7,6
Net profit adj (m)	2,8	3,6	4,0
Net fin. debt (m)	21,5	21,3	20,7
FCF (m)	-3,2	2,7	4,0
EPS adj. and fully dil.	1,21	1,56	1,73
Consensus EPS	1,33	1,87	2,12
Net dividend	0,97	1,25	1,38

FY to 31/12 (EUR)	12/18E	12/19E	12/20E
P/E adj and ful. dil.	28,8	22,3	20,1
EV/EBITDA	11,4	11,2	10,4
EV/EBIT	18,0	15,6	14,0
FCF yield	-4,0%	3,3%	5,0%
Dividend yield	2,8%	3,6%	4,0%
Net fin. debt/EBITDA	2,3	2,2	2,0
Gearing	89,5%	83,1%	76,3%
ROIC	9,3%	9,8%	10,7%
EV/IC	2,4	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	308,3	322,0	334,1
% Change	7,3%	1,8%	16,1%	0,3%	23,6%	6,1%	4,4%	3,8%
EBITDA adjusted	6,3	4,6	8,2	7,1	7,4	9,3	9,5	10,2
EBITDA margin (%)	3,2%	2,3%	3,5%	3,0%	2,5%	3,0%	3,0%	3,1%
EBIT adjusted	4,5	3,1	6,3	4,6	5,9	5,9	6,8	7,6
EBIT margin (%)	2,3%	1,5%	2,7%	2,0%	2,0%	1,9%	2,1%	2,3%
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	-1,9	-2,2	-2,4
Net profit from continuing operations	2,5	1,8	4,2	2,6	2,8	3,4	4,0	4,6
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	3,4	4,0	4,6
Net profit reported	2,2	2,1	3,3	2,1	2,4	2,8	3,6	4,0
Net profit adjusted	2,2	2,1	3,3	2,1	2,4	2,8	3,6	4,0
Cash Flow Statement (EURm)								
Cash flow from operating activities	5,1	6,5	8,2	1,9	2,3	0,2	5,9	7,0
Capex	-2,8	-2,9	-2,4	-3,6	-3,6	-3,4	-3,2	-3,0
Free cash flow	2,3	3,7	5,8	-1,7	-1,3	-3,2	2,7	4,0
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	-2,3	-3,0
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	-5,5	0,1	0,9
Balance Sheet (EURm)								
Intangible assets	8,4	11,4	17,3	19,1	19,6	20,1	20,5	20,7
Tangible assets	5,5	6,2	3,8	5,2	5,1	5,6	6,0	6,2
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	24,0	25,7	27,1
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	133,2	137,5	139,6
Net financial debt	-0,1	0,7	5,2	11,0	16,0	21,5	21,3	20,7
Working capital requirement	8,0	6,2	6,3	9,2	12,7	18,5	19,3	19,7
Invested Capital	21,9	23,8	27,3	33,5	37,4	44,2	45,8	46,5
Per share data								
EPS adjusted	0,96	0,92	1,45	0,92	1,03	1,21	1,56	1,73
EPS adj and fully diluted	0,96	0,92	1,45	0,92	1,03	1,21	1,56	1,73
% Change	4,8%	-3,9%	57,8%	-36,6%	12,5%	17,3%	28,8%	10,9%
EPS reported	0,96	0,92	1,45	0,92	1,03	1,21	1,56	1,73
Cash flow per share	2,20	2,84	3,57	0,81	0,99	0,09	2,57	3,05
Book value per share	9,15	9,22	9,42	9,03	8,57	8,88	9,43	9,87
Dividend per share	0,75	0,80	1,25	0,80	0,86	0,97	1,25	1,38
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%	13,9%	17,1%	18,0%
ROIC (%)	12,7%	8,9%	16,9%	9,6%	9,9%	9,3%	9,8%	10,7%
Net fin. debt / EBITDA (x)	0,0	0,2	0,6	1,5	2,2	2,3	2,2	2,0
Gearing (%)	-0,5%	3,0%	21,9%	46,3%	69,7%	89,5%	83,1%	76,3%
Valuation								
P/E adjusted	21,9	27,8	20,3	32,2	32,1	28,8	22,3	20,1
P/E adjusted and fully diluted	21,9	27,8	20,3	32,2	32,1	28,8	22,3	20,1
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	13,6	11,5
Dividend yield (%)	3,6%	3,1%	4,2%	2,7%	2,6%	2,8%	3,6%	4,0%
FCF yield (%)	4,8%	6,2%	8,6%	-2,5%	-1,7%	-4,0%	3,3%	5,0%
EV/Sales	0,3	0,3	0,3	0,4	0,3	0,3	0,3	0,3
EV/EBITDA	7,9	13,7	9,2	11,7	13,1	11,4	11,2	10,4
EV/EBIT	11,1	20,3	12,1	18,1	16,4	18,0	15,6	14,0

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Companies mentioned

Stock	ISIN	Currency	Price
Clasquin	FR0004152882	EUR	34,90

Source: Factset closing prices of 21/03/2019

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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

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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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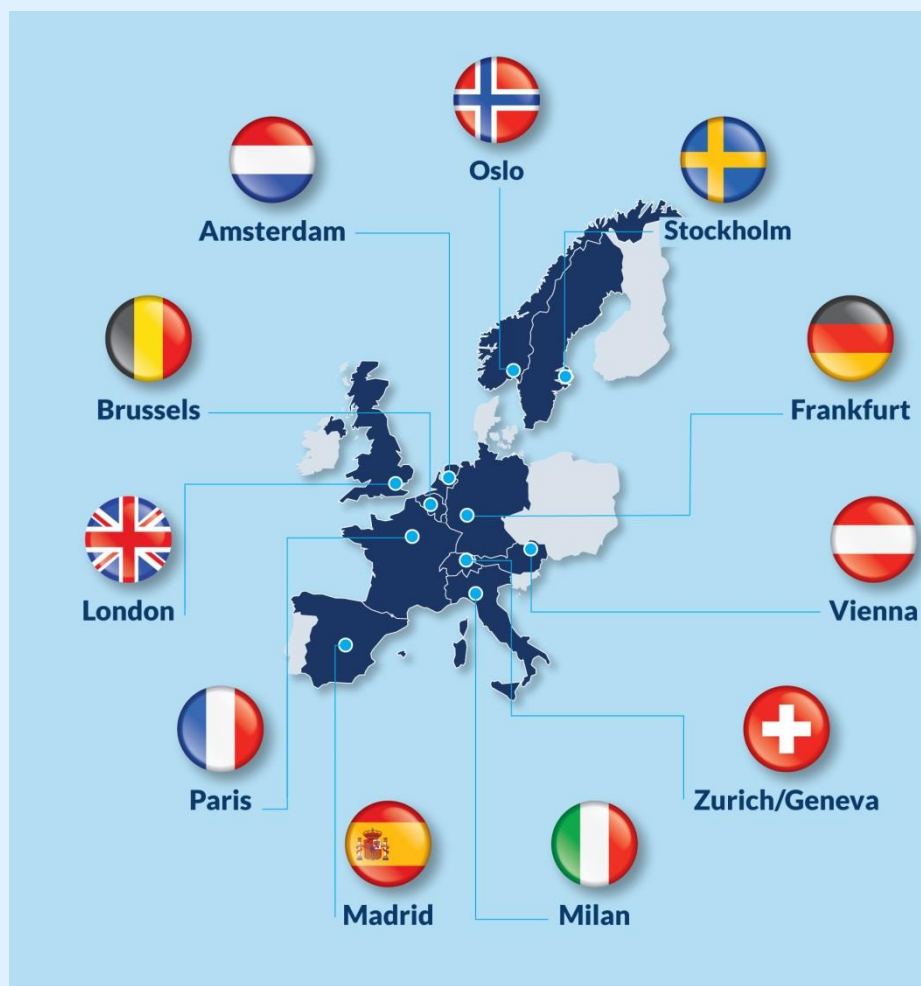
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