Clasquin

Sponsored Research

France | Industrial Goods & Services

Analyser

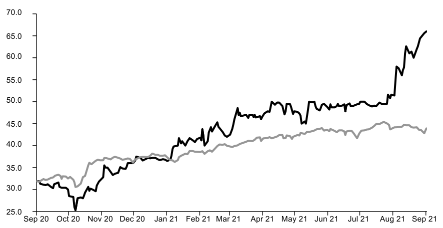
23 September 2021

Buy	
Recommendation unchanged	
Share price: EUR	**66.00**
closing price as of 22/09/2021	
Target price: EUR	**77.00**
Target Price unchanged	
Upside/Downside Potential	**16.7%**
Reuters/Bloomberg	ALCLA.PA/ALCLA FP
Market capitalisation (EURm)	**152**
Current N° of shares (m)	2
Free float	**42%**
Daily avg. no. trad. sh. 12 mth (k)	2
Daily avg. trad. vol. 12 mth (k)	363.43
Price high/low 12 months	66.00 / 25.30
Abs Perfs 1/3/12 mths (%)	27.91/35.25/106.90

Key financials (EUR)	**12/20**	**12/21e**	**12/22e**
Sales (m)	392	572	509
EBITDA (m)	17	27	19
EBITDA margin	*4.2%*	*4.6%*	*3.8%*
EBIT (m)	10	20	14
EBIT margin	*2.5%*	*3.5%*	*2.8%*
Net Profit (adj.)(m)	5	13	8
ROCE	12.0%	17.9%	16.5%
Net debt/(cash) (m)	23	45	14
Net Debt/Equity	*0.7*	*1.1*	*0.3*
Debt/EBITDA	1.4	1.7	0.7
Int. cover(EBITDA/Fin. int)	20.0	11.1	12.7
EV/Sales	0.3	0.4	0.3
EV/EBITDA	6.8	7.6	8.8
EV/EBITDA (adj.)	6.8	7.6	8.8
EV/EBIT	11.7	10.0	12.1
P/E (adj.)	16.5	12.0	19.2
P/BV	3.1	4.2	3.8
OpFCF yield	*0.7%*	*-9.9%*	*24.7%*
Dividend yield	*2.0%*	*2.3%*	*2.6%*
EPS (adj.)	2.22	5.51	3.43
BVPS	11.67	15.75	17.50
DPS	1.30	1.54	1.72

Shareholders

Yves Revol 46%; Staff 12%;



Source: FactSet

Analyst(s)

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Record level of margins and results, TP raised to €77

The facts: The strong growth in activity (gross margin at +43.6%) combined with still disrupted world trade (more customisation) and the recovery of margins (ramp-up of new software tools, value-added services, etc.) have resulted in a sharp increase in H1 results: uEBIT of €10.3m i.e. x3.8 vs H1-20, and EBIT/gross margin ratio of 19.8% (x2.6). Attributable net income came out at €6.5m, x9 vs H1-20. The increase in activity, price effects and market disruptions led to a sharp rise in WCR in H1, weighing on group cash: net debt excl. IFRS 16 at €36.1m at end-June vs €22.6m at end-December 2021. In a market expected at +8%, o/w +5-7% in sea and +7-9% in air, the managers have specified their objectives: very significant outperformance in terms of activity and results.

Our analysis: Although we had anticipated an increase in margins in the first half of the year, the performance is well above our expectations: EBIT/gross margin ratio expected at 13.2% i.e. EBIT of €6.8m and attributable net income in H1 of €3.4m, the publication came out 55% above our forecasts in terms of EBIT and x2 in terms of attributable net income. We underestimated the mix effects at the activity level and the group's ability to capitalise in this environment which remains disrupted, allowing it to reach unprecedented levels of margins (annual high reached in 2008 with an EBIT/gross margin ratio of 15.9%).

Conclusion & Action: *Given the lead taken in H1, and positive factors that are likely to persist in H2, we are revising our 2021 forecasts: gross margin now expected at €107m (+40%) and EBIT at €20.2m (+110%), i.e. +85% on our attributable net income forecast. However, we believe that the levels of gross margin and margins in 2021 should be exceptional, so we are leaving virtually unchanged our post-2021 forecasts. TP revised up from €63 to €77, to factor in progress by peers and our new scenario. In view of the operating performance, we consider the increase in share price (+80% YTD) to be justified. Buy recommendation confirmed.*