

# Claranova

Buy → | Target price : 8.00 €

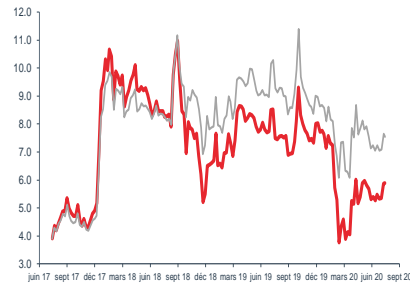
Price (11/08/2020) : 5.88 € | Upside : 36%

Revision	2020e	2021e
EPS	26.7%	-0.2%

## A very solid Q4, buoyed by digital applications FreePrints

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Sources : ODDO BHF Securities, SIX

### Capital

#### CLA FP | CLA.PA

Market Cap (€m)	232
Enterprise value (€m)	311
Extrema 12 months (€)	2.96 - 9.30
Free Float (%)	81.4

#### Performance (%)

	1m	3m	12m
Absolute	11.7	1.5	-30.9
Perf. rel. Country Index	10.5	-7.0	-30.7
Perf. rel. CAC Small	7.1	-9.5	-26.6

#### P&L

	06/20e	06/21e	06/22e
Sales (€m)	409	477	555
EBITDA (€m)	13.4	26.4	39.5
Current EBIT (€m)	8.8	21.5	33.0
Attr. net profit (€m)	1.5	10.0	16.3
Adjusted EPS (€)	0.03	0.24	0.41
Dividend (€)	0.00	0.00	0.00

P/E (x)	195.2	25.0	14.4
P/B (x)	4.9	3.6	2.9
Dividend Yield (%)	0.0	0.0	0.0
FCF yield (%)	2.0	7.3	10.7
EV/Sales (x)	0.76	0.53	0.40
EV/EBITDA (x)	23.2	9.7	5.7
EV/Current EBIT (x)	35.2	11.9	6.8
Gearing (%)	-7	-31	-56
Net Debt/EBITDA (x)	ns	ns	ns

### Next Events

30/09/2020	FY Results
04/11/2020	Q1 Sales

### Q4 well ahead of our expectations, buoyed by digital activities

Yesterday evenings Claranova reported its Q4 2019-20 sales, which came in well ahead of our estimate and the consensus. Business over the period stood at € 101m, reflecting growth of 52% y-o-y in reported data and of 34% on an organic basis (ODDO BHF € 81m; consensus: € 83m). Specifically:

- **PlanetArt (77%)**: buoyed by strong demand for FreePrints applications during lockdown periods, the division posted organic growth of 54% y-o-y for the quarter, marking a clear acceleration on a sequential basis (+20% organic for the first nine months) and close to the growth levels historically observed in the mobile sector. Personal Creations contributed € 12m, a better-than-expected performance, which implies a strong catch-up in June after the closure of the plant in the US since April.
- **Avanquest (22%)**: the Software division was not spared by the crisis (-5% org.), penalised by the slowdown in physical sales (10% turnover) and indirect sales of security software. Despite everything, the strategic activities (proprietary subscription-based products) held up very well with strong growth in Photo (InPixio; +83%) and PDF (SodaPDF; +42%) software, bringing the share of recurring revenues to 46% for the division (vs 35% N-1).
- **myDevices**: despite the postponement of major projects (IoT solutions in the hotel industry), which penalises the expected ramp-up in this segment, commercial activity held up relatively well over the year (5,000 sites deployed at the end of June). Note that the merger of Sprint with T-Mobile broadens the prospects for deployment in the US in the medium term.

Overall for FY 2019-20, Claranova exceeded the € 400m sales mark (€ 409m), with 56% growth in reported sales and 20% organic growth.

### Q4 and FY 2019-20 sales

€ m	Rep.	Est.	N-1	% ch. y-o-y
PlanetArt – Q4	78	57	43	80% (+53% org.)
Avanquest – Q4	22	23	23	-3% (-5% org.)
IoT – Q4	1	0.6	1	149% (+145% org.)
<b>Q4 2019-20</b>	<b>101</b>	<b>81</b>	<b>66</b>	<b>52% (+34% org.)</b>
<b>FY 2019-20 sales</b>	<b>409</b>	<b>388</b>	<b>262</b>	<b>56% (+20% org.)</b>

Sources: ODDO BHF Securities, company Sources : ODDO BHF Securities, company

### Context gives boost, but profitability should still be under pressure

Although such growth is remarkable and shows the group's strong resistance in the current context, in our view it will not really be able to be extrapolated in the coming quarters. For now, there is poor visibility on consumer behaviour when the crisis ends. Nevertheless, the outlook remains solid with: 1/ tangible growth drivers for PlanetArt (new products and countries, synergies with Personal Creations); 2/ a ramp-up of the subscriber model for Avanquest, and; 3/ a multiplication of uses for the IoT offering. As for the short term, the company gave no indication on the level of profitability expected for 2020. Despite growth being more robust than expected, 2019-2020 should remain a year of investment (integration of Personal Creations, transformation of the software model, investment in IoT). Following this publication, we increase our EBITDA estimate by 15% to € 13.5m, i.e. a margin of 3.3% (-2.9 points vs N-1).

### A diverse profile that offers several assets in the current environment

This publication is reassuring and should rekindle the stock's market momentum, despite the short-term uncertainties on full-year performance. The growth profile remains intact, and the group's atypical positioning gives it very strong resilience. In light of the current configuration, we think that the market continues to value the outlook on PlanetArt alone, and still offers a free option on the other two activities (software, IoT) and cash. We reiterate our Buy recommendation and our target price of € 8.0.

Nicolas Thorez (Analyst)

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**CLA.PA | CLA FP**  
**Software | France**

**Buy**

Upside

35.94%

Price 5.89 €

TP 8.00 €

PER SHARE DATA (€)	06/15	06/16	06/17	06/18	06/19	06/20e	06/21e	06/22e
Adjusted EPS	-0.27	-0.64	-0.21	0.03	0.20	0.03	0.24	0.41
<b>Reported EPS</b>	<b>-0.33</b>	<b>-0.76</b>	<b>-0.23</b>	<b>-0.21</b>	<b>-1.03</b>	<b>0.04</b>	<b>0.26</b>	<b>0.42</b>
Growth in adjusted EPS	ns	ns	ns	ns	ns	-82.9%	ns	73.7%
Net dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FCF to equity per share	0.00	-0.33	-0.01	0.13	0.12	0.14	0.43	0.63
Book value per share	1.45	0.06	0.03	0.33	1.34	1.38	1.64	2.05
Number of shares market cap (m)	37.50	37.53	37.53	39.36	39.44	39.44	39.44	39.44
Number of diluted shares (m)	20.12	37.52	37.53	40.74	42.74	42.74	42.74	40.15
VALUATION (€m)	06/15	06/16	06/17	06/18	06/19	06/20e	06/21e	06/22e
12m highest price (€)	5.60	3.20	1.77	5.35	11.51	9.30	8.32	232
12m lowest price (€)	2.07	0.80	0.70	1.67	4.90	6.19	2.96	2.96
(*) Reference price (€)	2.42	0.97	2.44	6.94	7.87	6.81	5.89	5.89
Capitalization	90.6	36.3	91.5	273	310	269	232	232
Restated Net debt	-23.9	-9.8	-16.0	-37.5	-23.6	-4.3	-24.2	-55.0
Minorities (fair value)	0.0	0.0	0.1	21.3	48.5	48.5	48.5	48.5
Financial fixed assets (fair value)	3.0	0.7	0.4	0.4	1.5	1.5	1.5	1.5
Provisions	0.0	0.0	0.0	0.0	42.2	0.0	0.0	0.0
<b>Enterprise Value</b>	<b>63.7</b>	<b>25.8</b>	<b>75.3</b>	<b>256</b>	<b>376</b>	<b>311</b>	<b>255</b>	<b>224</b>
P/E (x)	ns	ns	ns	181	40.0	195	25.0	14.4
P/CF (x)	ns	ns	ns	ns	5.1	40.9	13.8	8.6
Net Yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield	0.0%	ns	ns	1.8%	1.5%	2.0%	7.3%	10.7%
P/B incl. GW (x)	1.66	17.34	79.24	21.33	5.88	4.93	3.60	2.87
P/B excl. GW (x)	1.98	17.34	79.24	21.33	624	126	19.39	8.06
EV/Sales (x)	0.68	0.22	0.58	1.59	1.43	0.76	0.53	0.40
EV/EBITDA (x)	34.1	ns	ns	71.2	23.1	23.2	9.7	5.7
<b>EV/Current EBIT (x)</b>	<b>ns</b>	<b>ns</b>	<b>ns</b>	<b>ns</b>	<b>25.8</b>	<b>35.2</b>	<b>11.9</b>	<b>6.8</b>
(*) historical average price								
PROFIT AND LOSS (€m)	06/15	06/16	06/17	06/18	06/19	06/20e	06/21e	06/22e
Sales	93	117	130	162	262	409	477	555
EBITDA	1.9	-1.8	-2.5	3.6	16.3	13.4	26.4	39.5
Depreciations	-13.3	-14.2	-5.6	-7.6	-1.7	-4.5	-4.9	-6.5
<b>Current EBIT</b>	<b>-11.5</b>	<b>-16.1</b>	<b>-8.1</b>	<b>-4.0</b>	<b>14.6</b>	<b>8.8</b>	<b>21.5</b>	<b>33.0</b>
Published EBIT	4.1	-26.1	-7.6	-6.4	11.7	6.4	21.5	33.0
Net financial income	1.1	-1.7	-0.9	-0.3	-49.1	-2.8	-2.5	-2.5
Corporate Tax	-0.6	-0.8	-0.4	-1.8	-3.7	-1.6	-7.2	-10.1
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	-3.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	-8.1	0.0	0.3	0.2	0.6	-0.5	-1.8	-4.1
Attributable net profit	-6.5	-28.5	-8.5	-8.2	-40.5	1.5	10.0	16.3
<b>Adjusted attributable net profit</b>	<b>-5.5</b>	<b>-24.2</b>	<b>-8.0</b>	<b>1.3</b>	<b>8.7</b>	<b>1.5</b>	<b>10.0</b>	<b>16.3</b>
BALANCE SHEET (€m)	06/15	06/16	06/17	06/18	06/19	06/20e	06/21e	06/22e
Goodwill	4.8	0.0	0.0	0.0	63.0	63.0	63.0	63.0
Other intangible assets	7.3	1.5	0.9	0.5	6.9	3.1	2.2	1.1
Tangible fixed assets	0.6	0.5	0.3	0.2	1.4	13.9	10.8	6.1
WCR	-10.0	-10.4	-16.2	-24.2	-31.0	-18.4	-22.6	-27.1
Financial assets	3.0	0.7	0.4	0.4	1.5	1.5	1.5	1.5
Ordinary shareholders equity	29.3	2.1	1.2	12.5	52.6	54.1	64.1	80.4
Minority interests	0.0	0.0	0.1	1.8	11.0	11.5	13.3	17.3
Shareholders equity	29.3	2.1	1.3	14.3	63.6	65.6	77.4	97.8
Non-current provisions	0.3	0.0	0.1	0.1	1.8	1.8	1.8	1.8
<b>Net debt</b>	<b>-23.9</b>	<b>-9.8</b>	<b>-16.0</b>	<b>-37.5</b>	<b>-23.6</b>	<b>-4.3</b>	<b>-24.2</b>	<b>-55.0</b>
CASH FLOW STATEMENT (€m)	06/15	06/16	06/17	06/18	06/19	06/20e	06/21e	06/22e
<b>EBITDA</b>	<b>1.9</b>	<b>-1.8</b>	<b>-2.5</b>	<b>3.6</b>	<b>16.3</b>	<b>13.4</b>	<b>26.4</b>	<b>39.5</b>
Change in WCR	0.4	2.5	6.8	7.9	-4.1	1.9	4.1	4.6
Interests & taxes	-0.6	-0.4	-0.1	-1.2	-3.8	-4.4	-9.7	-12.6
Others	-11.9	-11.6	-4.6	-5.2	-1.2	-2.5	0.0	0.0
Operating Cash flow	-10.2	-11.4	-0.3	5.2	7.2	8.5	20.8	31.5
CAPEX	-4.4	-0.9	-0.2	-0.1	-2.5	-1.2	-0.9	-0.7
<b>Free cash-flow</b>	<b>-14.6</b>	<b>-12.3</b>	<b>-0.5</b>	<b>5.1</b>	<b>4.7</b>	<b>7.2</b>	<b>19.9</b>	<b>30.8</b>
Acquisitions / disposals	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net capital increase	33.2	-5.1	1.9	2.0	-1.4	0.0	0.0	0.0
Others	10.8	1.6	3.6	13.6	-13.3	-26.5	0.0	0.0
Change in net cash	29.2	-15.7	4.5	20.8	-9.8	-19.3	19.9	30.8
GROWTH MARGINS PRODUCTIVITY	06/15	06/16	06/17	06/18	06/19	06/20e	06/21e	06/22e
Sales growth	8.8%	26.1%	10.9%	24.0%	62.4%	55.9%	16.5%	16.4%
<b>Lfl sales growth</b>	<b>8.8%</b>	<b>26.1%</b>	<b>10.9%</b>	<b>24.0%</b>	<b>33.1%</b>	<b>22.4%</b>	<b>15.4%</b>	<b>16.4%</b>
Current EBIT growth	ns	ns	ns	ns	ns	-39.4%	ns	53.4%
Growth in adjusted EPS	ns	ns	ns	ns	ns	-82.9%	ns	73.7%
Net margin	-5.9%	-20.6%	-6.2%	0.8%	3.3%	0.4%	2.1%	2.9%
<b>EBITDA margin</b>	<b>2.0%</b>	<b>-1.6%</b>	<b>-1.9%</b>	<b>2.2%</b>	<b>6.2%</b>	<b>3.3%</b>	<b>5.5%</b>	<b>7.1%</b>
<b>Current EBIT margin</b>	<b>-12.3%</b>	<b>-13.7%</b>	<b>-6.2%</b>	<b>-2.5%</b>	<b>5.6%</b>	<b>2.2%</b>	<b>4.5%</b>	<b>5.9%</b>
CAPEX / Sales	-4.7%	-0.8%	-0.1%	-0.1%	-1.0%	-0.3%	-0.2%	-0.1%
WCR / Sales	-10.7%	-8.8%	-12.4%	-15.0%	-11.8%	-4.5%	-4.7%	-4.9%
Tax Rate	10.9%	-2.8%	-4.7%	-27.0%	-9.9%	45.0%	38.0%	33.0%
Normative tax rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Asset Turnover	8.2	-40.8	-11.1	-8.4	31.2	8.0	8.3	11.4
<b>ROCE post-tax (normative tax rate)</b>	<b>-75.7%</b>	<b>ns</b>	<b>52.0%</b>	<b>15.7%</b>	<b>ns</b>	<b>13.0%</b>	<b>28.0%</b>	<b>50.7%</b>
ROCE post-tax hors GW (normative tax rate)	ns	ns	ns	ns	ns	ns	ns	ns
ROE	-36.1%	ns	ns	18.7%	26.7%	2.8%	16.9%	22.6%
DEBT RATIOS	06/15	06/16	06/17	06/18	06/19	06/20e	06/21e	06/22e
Gearing	-82%	ns	ns	ns	-37%	-7%	-31%	-56%
Net Debt / Market Cap	-0.26	-0.27	-0.17	-0.14	-0.08	-0.02	-0.10	-0.24
<b>Net debt / EBITDA</b>	<b>ns</b>	<b>5.33</b>	<b>6.39</b>	<b>ns</b>	<b>ns</b>	<b>ns</b>	<b>ns</b>	<b>ns</b>
EBITDA / net financial charges	-1.7	8.3	8.3	14.4	8.6	4.8	10.6	15.8

Sources: ODDO BHF Securities, SIX



• **Valuation method**

Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on ODDO BHF website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

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The opinions expressed in the financial analysis are opinions as per a particular date, i.e. the date indicated in the financial analysis. The recommendation (cf. explanation of the recommendation systematic) can change owing to unforeseeable events which may, for instance, have repercussions on both the company and on the whole industry.

• **Our stock market recommendations**

Our stock market recommendations reflect the RELATIVE performance expected for each stock on a 12-month timeframe.

Buy: performance expected to exceed that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).

Reduce: performance expected to fall short of that of the benchmark index, sectoral (large caps) or other (small and mid caps).

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**Recommendation and target price changes history over the last 12 months for the company analysed in this report**

Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
09/06/20	Buy	8.00	6.19	Nicolas Thorez
01/04/20	Buy	8.50	4.23	Nicolas Thorez
12/02/20	Buy	10.50	7.67	Nicolas Thorez
02/10/19	Buy	11.30	7.29	Nicolas Thorez

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Recommendation split		Buy	Neutral	Reduce
Our whole coverage	(429)	45%	39%	16%
Liquidity providers coverage	(80)	51%	46%	3%
Research service coverage	(30)	60%	37%	3%
Investment banking services	(16)	56%	38%	6%

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Has a copy of this report ; with the target price and/or rating removed, been presented to the subject company/ies prior to its distribution, for the sole purpose of verifying the accuracy of factual statements ?	No
Have the conclusions of this report been amended following disclosure to the company/ies and prior its distribution?	No
<b>Additional material conflicts</b>	
Is ODDO BHF, aware of any additional material conflict of interest?	No
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Have those responsible for the drafting of the present document acquired securities from the issuer concerned by the present financial analysis?	No
Have those responsible for the drafting of the present document received remuneration directly linked to investment firm service transactions or any other kind of transaction they carry out or any trading commissions they, or any legal person who is part of the same group, receive?	No

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