

Claranova

Outperform → | Target price : 10.0 €

Price (11/05/2021) : 7.39 € | Upside : 35%

| Revision | 2021e | 2022e |
|----------|-------|-------|
| EPS | -0.3% | 0.1% |

Solid Q3, returning to high levels of organic growth

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Sources : ODDO BHF Securities, SIX

| Capital | |
|-----------------------|-------------|
| CLA FP CLA.PA | |
| Market Cap (€m) | 292 |
| Enterprise value (€m) | 259 |
| Extrema 12 months (€) | 5.03 - 8.81 |
| Free Float (%) | 81.4 |

| Performance (%) | 1m | 3m | 12m |
|--------------------------|-------|-----|-------|
| Absolute | -12.1 | 9.2 | 27.5 |
| Perf. rel. Country Index | -11.9 | 2.9 | -0.8 |
| Perf. rel. CAC Small | -11.9 | 4.8 | -19.5 |

| P&L | 06/21e | 06/22e | 06/23e |
|-----------------------|--------|--------|--------|
| Sales (€m) | 510 | 601 | 688 |
| EBITDA (€m) | 33.6 | 40.9 | 52.3 |
| Current EBIT (€m) | 26.0 | 33.1 | 44.0 |
| Attr. net profit (€m) | 13.0 | 17.5 | 23.6 |
| Adjusted EPS (€) | 0.31 | 0.44 | 0.59 |
| Dividend (€) | 0.00 | 0.00 | 0.00 |
| P/E (x) | 24.2 | 16.9 | 12.5 |
| P/B (x) | 4.6 | 3.6 | 2.8 |
| Dividend Yield (%) | 0.0 | 0.0 | 0.0 |
| FCF yield (%) | 8.9 | 11.9 | 14.7 |
| EV/Sales (x) | 0.58 | 0.43 | 0.26 |
| EV/EBITDA (x) | 8.8 | 6.3 | 3.4 |
| EV/Current EBIT (x) | 11.3 | 7.8 | 4.0 |
| Gearing (%) | -41 | -67 | -84 |
| Net Debt/EBITDA (x) | ns | ns | ns |

Next Events

| | |
|------------|------------|
| 04/08/2021 | FY Sales |
| 20/10/2021 | FY Results |
| 09/11/2021 | Q1 Sales |

Q3 2020-21 sales of € 96m (+30% org.), beating our expectations

Claranova yesterday evening reported Q3 2020-21 sales of € 96m, beating our forecasts by 3% (ODDO BHF € 93m). This attests to particularly robust sales momentum in the quarter, with growth of 31% I-f-I and +30% in organic terms (-8 pt of adverse forex, offset by +7pt of growth from the integration of CafePress), and underpinned by a favourable base effect (+7% org. in Q3 2019-20). All told over nine months, sales came to € 373m, up 22% y-o-y, with +20% in organic terms, a level consistent with historical trends despite increasingly challenging base effects in absolute terms, which confirms Claranova's smart strategy since 2015 (17th straight quarter of growth).

Q3 2020-21 sales

| € m | Rep. | Est. | N-1 | Ch. y-o-y |
|-------------------------|------------|------------|------------|-------------------------|
| PlanetArt | 72 | 67 | 50 | +45% (42% org.) |
| Avanquest | 23 | 24 | 22 | +4% (+7% org.) |
| myDevices | 1 | 2 | 1 | -34% (-28% org.) |
| Q3 2020-21 sales | 96 | 93 | 73 | +31% (+30% org.) |
| 9M 2020-21 sales | 373 | 370 | 307 | +22% (+20% org.) |

Sources: ODDO BHF Securities, company

PlanetArt the driving force, and return to growth for Avanquest

- **PlanetArt (75% of sales)** continues to drive the group's growth and posted remarkable growth of +45% y-o-y reported and 42% organically (+27% org. over nine months). This solid performance, evenly spread across all zones, was driven by: 1/ further robust momentum for the mobile segment, 2/ geo-extension and development of commercial synergies with CafePress and Personal Creations (FreePrints Gifts), and 3/ a favourable base (sharply slower organic growth in Q3 2019/20 at +6%).
- **Avanquest (24% of sales)** returned to growth in Q3 (+4% with +7% org.) after several quarters characterised by the transition in the model to sales of proprietary software on a SaaS basis and the difficulties related to the health crisis (remaining physical sales). All told, recurring sales now amount to 60% (vs 56% and <50% N-1), and the proportion should continue to automatically rise as SaaS ramps up in the mix (75% of new sales). Without physical distribution, core operations show double-digit growth in Q3 according to management.
- **myDevices** contributed € 1m in Q3 (-28% org.), and thus remains the one weak spot this quarter, without any notable acceleration and as roll-outs continue to be undermined by the current environment. Q3 2019-20 included a non-recurring upfront payment relating to the partnership with T-mobile/Sprint.

We still think that the market is underestimating the growth profile

After a fiscal H1 centred on profitability, this Q3 provides reassurance on the growth trajectory in the short term and its sustainability, and the group boasts a number of growth drivers across the three business segments. This lends weight to our FY scenario (sales of € 510m, +21% org.), and allows Claranova to reaffirm its guidance out to 2023, namely sales of € 700m, coupled with an EBITDA margin of over 10%. With Claranova's performance YTD merely in line, we think that the market is still underestimating both the outlook and the group's execution and development capacity over the next few quarters. On this basis, the risk/reward profile still looks attractive and there is tangible upside potential in the short term. Outperform rating confirmed, target price unchanged at € 10.

Nicolas Thorez (Analyst)

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CLA.PA | CLA FP
Software | France

Outperform

Price 7.40 €

Upside 35.23%

TP 10.0 €

| | 06/16 | 06/17 | 06/18 | 06/19 | 06/20 | 06/21e | 06/22e | 06/23e |
|--|---------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| PER SHARE DATA (€) | | | | | | | | |
| Adjusted EPS | -0.64 | -0.21 | 0.03 | 0.20 | 0.01 | 0.31 | 0.44 | 0.59 |
| Reported EPS | -0.76 | -0.23 | -0.21 | -1.03 | 0.01 | 0.33 | 0.45 | 0.60 |
| Growth in adjusted EPS | ns | ns | ns | ns | -93.9% | ns | 43.5% | 35.0% |
| 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 | -0.33 | -0.01 | 0.13 | 0.12 | 0.72 | 0.66 | 0.88 | 1.09 |
| Book value per share | 0.06 | 0.03 | 0.33 | 1.34 | 1.29 | 1.62 | 2.07 | 2.67 |
| Number of shares market cap (m) | 37.53 | 37.53 | 39.36 | 39.44 | 39.44 | 39.44 | 39.44 | 39.44 |
| Number of diluted shares (m) | 37.52 | 37.53 | 40.74 | 42.74 | 42.74 | 42.74 | 40.15 | 40.15 |
| VALUATION (€m) | | | | | | | | |
| 12m highest price (€) | 3.20 | 1.77 | 5.35 | 11.51 | 9.30 | 8.32 | 8.81 | |
| 12m lowest price (€) | 0.80 | 0.70 | 1.67 | 4.90 | 6.19 | 2.96 | 6.35 | |
| (*) Reference price (€) | 0.97 | 2.44 | 6.94 | 7.87 | 6.81 | 7.40 | 7.40 | 7.40 |
| Capitalization | 36.3 | 91.5 | 273 | 310 | 269 | 292 | 292 | 292 |
| Restated Net debt | -9.8 | -16.0 | -37.5 | -23.6 | -13.9 | -31.6 | -66.1 | -108.8 |
| Minorities (fair value) | 0.0 | 0.1 | 21.3 | 39.1 | 39.1 | 39.1 | 39.1 | 0.1 |
| Financial fixed assets (fair value) | 0.7 | 0.4 | 0.4 | 1.5 | 5.2 | 5.2 | 5.2 | 5.2 |
| Provisions | 0.0 | 0.0 | 0.0 | 42.2 | 0.0 | 0.0 | 0.0 | 0.0 |
| Enterprise Value | 25.8 | 75.3 | 256 | 367 | 289 | 294 | 259 | 178 |
| P/E (x) | ns | ns | 181 | 40.0 | 550 | 24.2 | 16.9 | 12.5 |
| P/CF (x) | ns | ns | ns | 27.5 | 37.8 | 12.7 | 9.8 | 7.7 |
| Net Yield | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| FCF yield | ns | ns | 1.9% | 1.5% | 10.6% | 8.9% | 11.9% | 14.7% |
| P/B incl. GW (x) | 17.34 | 79.24 | 21.33 | 5.88 | 5.27 | 4.56 | 3.57 | 2.77 |
| P/B excl. GW (x) | 17.34 | 79.24 | 21.33 | 624 | 548 | 22.26 | 9.45 | 5.31 |
| EV/Sales (x) | 0.22 | 0.58 | 1.59 | 1.40 | 0.71 | 0.58 | 0.43 | 0.26 |
| EV/EBITDA (x) | ns | ns | 71.2 | 22.5 | 14.0 | 8.8 | 6.3 | 3.4 |
| EV/Current EBIT (x) | ns | ns | ns | 25.1 | 21.5 | 11.3 | 7.8 | 4.0 |
| (*) historical average price | | | | | | | | |
| PROFIT AND LOSS (€m) | | | | | | | | |
| Sales | 117 | 130 | 162 | 262 | 409 | 510 | 601 | 688 |
| EBITDA | -1.8 | -2.5 | 3.6 | 16.3 | 20.6 | 33.6 | 40.9 | 52 |
| Depreciations | -14.2 | -5.6 | -7.6 | -1.7 | -7.2 | -7.5 | -7.8 | -8.3 |
| Current EBIT | -16.1 | -8.1 | -4.0 | 14.6 | 13.4 | 26.0 | 33.1 | 44.0 |
| Published EBIT | -26.1 | -7.6 | -6.4 | 11.7 | 7.8 | 26.0 | 33.1 | 44.0 |
| Net financial income | -1.7 | -0.9 | -0.3 | -49.1 | -4.5 | -4.2 | -3.0 | -3.0 |
| Corporate Tax | -0.8 | -0.4 | -1.8 | -3.7 | -2.1 | -6.6 | -8.4 | -11.5 |
| 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) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minority interests | 0.0 | 0.3 | 0.2 | 0.6 | -0.7 | -2.3 | -4.2 | -5.9 |
| Attributable net profit | -28.5 | -8.5 | -8.2 | -40.5 | 0.5 | 13.0 | 17.5 | 23.6 |
| Adjusted attributable net profit | -24.2 | -8.0 | 1.3 | 8.7 | 0.5 | 13.0 | 17.5 | 23.6 |
| BALANCE SHEET (€m) | | | | | | | | |
| Goodwill | 0.0 | 0.0 | 0.0 | 63.0 | 61.7 | 61.7 | 61.7 | 61.7 |
| Other intangible assets | 1.5 | 0.9 | 0.5 | 6.9 | 8.8 | 4.3 | 2.2 | 0.3 |
| Tangible fixed assets | 0.5 | 0.3 | 0.2 | 1.4 | 5.9 | 12.1 | 7.5 | 2.3 |
| WCR | -10.4 | -16.2 | -24.2 | -31.0 | -30.9 | -35.0 | -41.2 | -47.2 |
| Financial assets | 0.7 | 0.4 | 0.4 | 1.5 | 5.2 | 5.2 | 5.2 | 5.2 |
| Ordinary shareholders equity | 2.1 | 1.2 | 12.5 | 52.6 | 50.6 | 63.6 | 81.1 | 105 |
| Minority interests | 0.0 | 0.1 | 1.8 | 11.0 | 11.7 | 14.0 | 18.2 | 24.1 |
| Shareholders equity | 2.1 | 1.3 | 14.3 | 63.6 | 62.3 | 77.6 | 99.3 | 129 |
| Non-current provisions | 0.0 | 0.1 | 0.1 | 1.8 | 2.3 | 2.3 | 2.3 | 2.3 |
| Net debt | -9.8 | -16.0 | -37.5 | -23.6 | -13.9 | -31.6 | -66.1 | -108.8 |
| CASH FLOW STATEMENT (€m) | | | | | | | | |
| EBITDA | -1.8 | -2.5 | 3.6 | 16.3 | 20.6 | 33.6 | 40.9 | 52.3 |
| Change in WCR | 2.5 | 6.8 | 7.9 | -4.1 | 22.5 | 4.1 | 6.2 | 6.0 |
| Interests & taxes | -0.4 | -0.1 | -1.2 | -3.8 | -7.3 | -10.8 | -11.4 | -14.5 |
| Others | -11.6 | -4.6 | -5.2 | -1.2 | -6.3 | 0.0 | 0.0 | 0.0 |
| Operating Cash flow | -11.4 | -0.3 | 5.2 | 7.2 | 29.6 | 26.9 | 35.7 | 43.8 |
| CAPEX | -0.9 | -0.2 | -0.1 | -2.5 | -1.2 | -1.2 | -1.2 | -1.2 |
| Free cash-flow | -12.3 | -0.5 | 5.1 | 4.7 | 28.4 | 25.7 | 34.5 | 42.6 |
| Acquisitions / disposals | 0.1 | 0.1 | 0.0 | 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 | -5.1 | 1.9 | 2.0 | -1.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Others | 1.6 | 3.6 | 13.6 | -13.3 | -31.4 | -8.0 | 0.0 | 0.0 |
| Change in net cash | -15.7 | 4.5 | 20.8 | -9.8 | -3.7 | 17.7 | 34.5 | 42.6 |
| GROWTH MARGINS PRODUCTIVITY | | | | | | | | |
| Sales growth | 26.1% | 10.9% | 24.0% | 62.4% | 56.0% | 24.7% | 17.8% | 14.5% |
| Lfl sales growth | 26.1% | 10.9% | 24.0% | 33.1% | 22.4% | 21.4% | 16.5% | 14.5% |
| Current EBIT growth | ns | ns | ns | ns | -8.1% | 94.2% | 27.1% | 33.1% |
| Growth in adjusted EPS | ns | ns | ns | ns | -93.9% | ns | 43.5% | 35.0% |
| Net margin | -20.6% | -6.2% | 0.8% | 3.3% | 0.1% | 2.5% | 2.9% | 3.4% |
| EBITDA margin | -1.6% | -1.9% | 2.2% | 6.2% | 5.0% | 6.6% | 6.8% | 7.6% |
| Current EBIT margin | -13.7% | -6.2% | -2.5% | 5.6% | 3.3% | 5.1% | 5.5% | 6.4% |
| CAPEX / Sales | -0.8% | -0.1% | -0.1% | -1.0% | -0.3% | -0.2% | -0.2% | -0.2% |
| WCR / Sales | -8.8% | -12.4% | -15.0% | -11.8% | -7.6% | -6.9% | -6.9% | -6.9% |
| Tax Rate | -2.8% | -4.7% | -27.0% | -9.9% | 63.1% | 30.0% | 28.0% | 28.0% |
| Normative tax rate | 25.0% | 25.0% | 25.0% | 25.0% | 25.0% | 25.0% | 25.0% | 25.0% |
| Asset Turnover | -40.8 | -11.1 | -8.4 | 31.2 | 9.5 | 11.5 | 16.2 | 27.9 |
| ROCE post-tax (normative tax rate) | ns | 52.0% | 15.7% | ns | 23.4% | 44.1% | 66.8% | ns |
| ROCE post-tax hors GW (normative tax rate) | ns | ns | ns | ns | ns | ns | ns | ns |
| ROE | ns | ns | 18.7% | 26.7% | 1.0% | 22.8% | 24.2% | 25.4% |
| DEBT RATIOS | | | | | | | | |
| Gearing | ns | ns | ns | -37% | -22% | -41% | -67% | -84% |
| Net Debt / Market Cap | -0.27 | -0.17 | -0.14 | -0.08 | -0.05 | -0.11 | -0.23 | -0.37 |
| Net debt / EBITDA | 5.33 | 6.39 | ns | ns | ns | ns | ns | ns |
| EBITDA / net financial charges | 8.3 | 8.3 | 14.4 | 8.6 | 4.0 | 8.0 | 13.6 | 17.4 |

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.

• **Sensitivity of the result of the analysis/ risk classification:**

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.
Outperform: 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).
Underperform: 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 |
|----------|------------|--------------------|-------------|----------------|
| 01/04/21 | Outperform | 10.00 | 8.00 | Nicolas Thorez |
| 01/10/20 | Outperform | 9.00 | 6.51 | Nicolas Thorez |
| 09/06/20 | Outperform | 8.00 | 6.19 | Nicolas Thorez |
| 01/04/20 | Outperform | 8.50 | 4.23 | Nicolas Thorez |

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Recommendation split

| | | Outperform | Neutral | Underperform |
|------------------------------|-------|------------|---------|--------------|
| Our whole coverage | (517) | 55% | 33% | 12% |
| Liquidity providers coverage | (83) | 61% | 35% | 4% |
| Research service coverage | (43) | 63% | 33% | 5% |
| Investment banking services | (26) | 77% | 15% | 8% |

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| Investment banking and/or Distribution | |
|--|-----|
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| Research contract between ODDO group & the issuer | |
| Have ODDO BHF SCA or its subsidiary ABN AMRO – ODDO BHF B.V. and the subject company/ies agreed that ABN AMRO - ODDO BHF B.V. or one of its parent companies will produce and disseminate investment recommendations on the subject company/ies as a service to the the subject company/ies? | Yes |
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| Have the conclusions of this report been amended following disclosure to the company/ies and prior its distribution? | No |
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