Thursday 31 July 2014

First half 2014 results

Steady growth and improved profitability across all business divisions
Revenues: €2,191 million
Operating margin: 3.0%

- First half 2014 revenues up 13.4% to €2,191 million, with growth across all divisions.
- EBITA up 19% to €65.5 million, thus outperforming revenue growth. Operational margin up 3%.
- Announcement of a strategic Logistics and Transport acquisition in the US

Norbert Dentressangle's CEO Hervé Montjotin commented on the results for the first half of 2014: *"The first half of 2014 took place in a European economic environment, which was boosted by growth in the UK economy and recovery in Spain. Against this backdrop and despite flat activity in France, Norbert Dentressangle capitalised on its ever expanding global footprint and its positioning within buoyant sectors. Not only did we achieve revenue growth of 13.4% compared to the first half of 2013, but - and this is more important - we generated EBITA growth of over 19% for the same period. Our three business lines, Logistics, Transport and Air & Sea, are all well on course in terms of growth and profitability, in accordance with our expectations. Norbert Dentressangle is a group built on firm foundations and satisfies all the assets for successful consolidation of its new strategic acquisition in the US."*

€m (Audited financial statements)	H1 2014	H1 2013	Change H1 2014 v H1 2013
Revenues	**2,191**	**1,932**	**+13.4%**
EBITDA*	**119.2**	**112.1**	**+6.3%**
EBITA (operating income before goodwill impairment)	**65.5**	**55.1**	**+19%**
EBITA margin (%)	***3.0%***	**2.9%**	
Net income Group share	**24.4**	**24.5**	**-1%**

** Operating income before depreciation, impairment and provision charges/write-backs*

Revenues: Growth across all business divisions

With Europe enjoying a brighter economic climate, Norbert Dentressangle posted first half 2014 consolidated revenues of €2,191 million, up 13.4% compared to the same period last year. At constant exchange rates and consolidation scope, like-for-like growth compared to first half 2013 amounted to 5.8%.

The share of revenues generated outside France amounted to 61%, while the UK, the second largest contributor to Group revenues, accounted for nearly 30% of total sales for the period.

First half revenues (€m)	**H1 2014**	H1 2013	**Change**	**Like-for-like change**
Transport	**1,067**	**1,010**	**+5.6%**	**+4.1%**
Logistics	**1,068**	**897**	**+19.2%**	**+8.4%**
Air & Sea	**96**	**64**	**+50.5%**	**-2.5%**
Inter-division	**(41)**	**(38)**	-	-
Consolidated total	**2,191**	**1,932**	**+13.4%**	**+5.8%**

Second quarter revenues (€m)	**Q2 2014**	Q2 2013	Change	Like-for-like change
Transport	**539**	**510**	+5.7%	+4.0%
Logistics	**546**	**461**	+18.6%	+8.4%
Air & Sea	**48**	**31**	+53.5%	+3.5%
Inter-division	**(21)**	**(19)**	-	-
Consolidated total	**1,113**	**983**	+13.2%	+6.0%

- The **Transport** division posted first half 2014 revenues of €1,067 million, up 5.6% from the same period in 2013 and up 4.1% like for like. Revenue growth was primarily driven by the division's added value service offerings: “Contract distribution” (Red Inside) and domestic and European pallet distribution (Red Europe). The outlook is strong after the renewal of key customer contracts during the first half. During the period, Norbert Dentressangle reinforced its positioning in the niche UK bulk tanker transport market with the acquisition of Hopkinson, a company with annual revenues of around £4 million.

- The **Logistics** division capitalised on the growth foundations laid in 2013 and on its positioning within particularly buoyant sectors, posting revenues of €1,068 million, up 19.2% from the first half of 2013 based on reported data and up 8.4% like for like. In Italy and Spain, the consolidation of the Fiege business boosted sales performance in these countries. During the period Norbert Dentressangle signed an offer to purchase nine French warehouses from MGF, a subsidiary of the G7 Group. The warehouses, located mainly in the Paris region, northern France and near the cities of Lyon, Toulouse and Marseilles, cover a total warehousing area of 174,000m². Specialising in logistics services for the mass retail, FMCG, textile and industrial goods sectors, the nine warehouses employ 272 people and generate annual revenues of around €26 million, representing 5% growth for the Logistics business in France. Four of these warehouses had been consolidated by the end of the first half.

- The **Air & Sea** division, established in 2010, posted first half revenues of €96 million, up 50.5% from first half 2013 due to the consolidation of the Daher business.

EBITA growth outperforms revenue growth

EBITA (operating income before goodwill impairment) came to €65.5 million, up 19% from first half 2013. This produced an operating margin of 3.0% compared to 2.9% in the previous period.
The underlying operating margin rose by 22% from 3.1% in H1 2013 to 3.3% in H1 2014.

- The **Transport** activities posted operating income of €26.9 million, up from €23.8 million in H1 2013. The operating margin was 2.6%, compared to 2.4% in H1 2013. The increased profitability reflects sustained high business volumes in pallet distribution and the improvement in the profitability of the full load business due to the brighter economic climate and the success of the cost-cutting campaigns led by the various departments.
- The **Logistics** activities posted operating income of €37.7 million, up 19% from €31.8 million in the first half of 2013. The division's operating margin of 3.5% is similar to the previous year's figure. The Group's European markets registered satisfactory performances, with the exception of Belgium. Results in Russia were in line with expectations.
- The **Air & Sea** activities achieved an operating margin of nearly 1% for the first half of 2014 after turning in an operating loss of €0.6 million in H1 2013. The former Daher business operations performed well in France and particularly in Russia. Business in China returned to growth.

Net income came in at €24.4 million, down 1% from €24.5 million in H1 2013 due to the impact of higher financial costs and increased tax.

A strong, reinforced financial structure

Group net borrowings at 30 June 2014 amounted to €551 million, down from €565 million at the end of the previous first half.
Consolidated net assets group share rose from €537 million at June 30 2013 to €579 million at the end of first half 2014.
The gearing (95%) and leverage (net debt/EBITDA - 2.1x) ratios improved from the end of first half 2013 and are well below the values stipulated by the bank covenants.

Strategic Logistics and Transport acquisition in the US

Norbert Dentressangle today announces the signing of a heads of agreement with the Oak Hill Capital Partners Fund to purchase the entire equity of Jacobson, a US logistics and transport firm.
Subject to its approval by the US antitrust authorities, this acquisition will increase Norbert Dentressangle's revenues by 15% and give the Group a key position (€600 million) on the very important US supply chain market.
The transaction, due to be finalised in mid-September 2014, will be EPS accretive from the first year.
A press release regarding the transaction has been published today.

Outlook

Given the income and revenue growth reported by the Group with the current consolidation scope, the fact that the second half is always stronger than the first half, and the Group's long-standing experience of acquisitions, Norbert Dentressangle is well placed with regard to the successful consolidation of Jacobson in the US once the transaction has been finalised.

Next releases:
Closing of US Jacobson acquisition: Mid-September
3rd quarter 2014 revenues: 23 Oct. 2014 (after market close)

About Norbert Dentressangle:

Norbert Dentressangle is an international transport, logistics and freight forwarding company, with annual turnover of €4 billion in 2013. Norbert Dentressangle develops high added value solutions in its three sectors, across Europe, America and Asia, and places sustainable development at the heart of all its activities. It is established in 26 countries, employs 37,700 people and generates 60% of its turnover outside France. Norbert Dentressangle whose CEO is Hervé Montjotin is listed on the CAC Small & CAC All Tradable.

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