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Better-than-expected prospects

With a rebound in freight forwarding in Q4 and a decent start to the year, Clasquin is more resilient than forecast. We think the share price could pursue its rebound in parallel with more positive news. Not too late to come back on the stock. Upgrade from Hold to Buy, TP up from EUR21 to EUR23.8.

Kepler Research

Price
EUR19.51

Target
EUR23.80

Previous
Hold

Buy

France | Support services

Clasquin

RATING CHANGE

17 February 2012

Reuters **ALCLA.PA**
Bloomberg **ALCLA FP**
Index DJ Stoxx 600

In brief

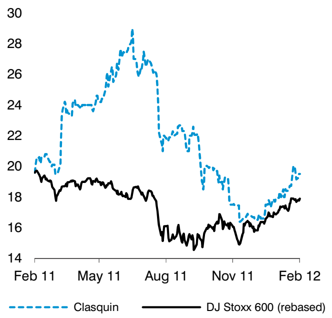
> Gross profit above estimates in 2011
> Good start to the year
> Upgrade from Hold to Buy
> Target price lifted from EUR21 to EUR23.8

Year end 31 Dec	Sales (EURm)	EBIT (EURm)	Net profit (EURm)	EPS (EUR)	P/E	P/BV	P/CF	EV/ sales	EV/ EBITDA	EV/ EBIT	Div. yield (%)
2010	179.1	6.5	3.4	1.52	10.7	1.8	7.1	0.2	4.1	5.2	7.3
2011E	171.4	5.3	2.9	1.30	16.7	2.4	8.8	0.3	6.1	8.6	3.0
2012E	181.7	6.6	3.9	1.75	11.1	1.9	6.7	0.2	4.5	6.0	4.5
2013E	190.8	7.3	4.5	2.04	9.6	1.7	6.0	0.2	3.9	5.1	5.2
2014E	197.4	7.8	5.0	2.24	8.7	1.6	5.5	0.2	3.5	4.5	5.7

Source: Kepler Capital Markets

Stock data

Market cap (EURm)	44
Free float	37%
Shares outstanding (m)	2
Daily trade volume ('000)	0
YTD abs. performance	11%
52-week high (EUR)	29.0
52-week low (EUR)	16.4
Enterprise value (EURm)	39
Net debt (EURm)	-7



In detail

Better-than-expected resilience in 2011 and early 2012

Gross profit in 2011 reached EUR45.1m, +6.3% or +6.6% excl. forex, above our estimate of EUR44.1m (+4% or +5% LFL). Clasquin posted a rebound of gross profit in Q4: +4.4% LFL, versus minus -1.7% expected, after minus 2% in Q3, thanks to better-than-expected resilience in Freight Forwarding. At the end of January, activity seemed to be holding up relatively well in FF despite a high base and negative calendar effect (Chinese New Year). Freight rate are increasing, which augurs well, and could be the first sign of a market rebound.

Gradual margin improvement

In 2011, margins are expected to have been under pressure due to investments in future growth: new agencies and new countries opening and reinforcement of staff. Thanks to the ramp-up of the new agencies, gradual recovery in Italy, and as no openings have been planned for 2012, we remain convinced that Clasquin will be able to gradually improve its profitability. Adding in gross profit growth and margin improvement, results are expected to rebound as of 2012.

Better visibility on outlook, right time to come back on stock

Thanks to better-than-expected resilience, we raise our sales and results estimates on Clasquin: +5% on our net profit forecasts for 2011, +7% for 2012 and +5% for 2013. Adding in the rollover of our valuation approach, we raise our target price from EUR21 to EUR23.8, offering 22% upside. We upgrade our rating from Hold to Buy, as we estimate that the share price will pursue its rebound in parallel with more positive news.

Kepler Capital Markets

Key financials

Clasquin

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Rating	Buy	Market cap	EUR44m	Bloomberg	ALCLA FP
Target price	EUR23.80	EV	EUR39m	Reuters	ALCLA.PA
Price	EUR19.51	Float	37%		

31 December

Income statement (EURm)	2006	2007	2008	2009	2010	2011E	2012E	2013E	2014E
Sales	**105.9**	**127.5**	**150.9**	**114.7**	**179.1**	**171.4**	**181.7**	**190.8**	**197.4**
Change (%)	14.7%	20.4%	18.4%	-24.0%	56.1%	-4.3%	6.0%	5.0%	3.5%
EBITDA adjusted	**4.5**	**4.5**	**8.7**	**6.6**	**8.2**	**7.5**	**8.7**	**9.5**	**10.1**
Change (%)	3.9%	0.2%	95.5%	-24.4%	23.7%	-8.3%	16.4%	9.6%	5.8%
EBITDA margin (%)	4.2%	3.5%	5.8%	5.8%	4.6%	4.4%	4.8%	5.0%	5.1%
EBIT adjusted	**4.5**	**3.3**	**5.9**	**4.5**	**6.5**	**5.3**	**6.6**	**7.3**	**7.8**
Change (%)	33.9%	-25.9%	79.5%	-24.6%	44.2%	-17.5%	23.7%	11.0%	6.2%
EBIT margin (%)	4.2%	2.6%	3.9%	3.9%	3.6%	3.1%	3.6%	3.8%	3.9%
Net financial	0.0	0.2	-0.1	-0.2	-0.7	-0.5	-0.3	-0.1	0.1
Extraordinary result	na	na	na	na	na	na	na	na	na
Associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pretax profit	**4.5**	**3.5**	**5.8**	**4.3**	**5.8**	**4.8**	**6.2**	**7.2**	**7.9**
Reported net earnings	3.5	2.6	3.9	2.4	3.4	2.9	3.9	4.5	5.0
Adjusted net earnings (group)	**3.5**	**2.6**	**3.9**	**2.4**	**3.4**	**2.9**	**3.9**	**4.5**	**5.0**
Change (%)	69.4%	-27.8%	50.9%	-37.8%	41.3%	-14.7%	34.8%	16.4%	9.9%

Cash flow statement (EURm)	2006	2007	2008	2009	2010	2011E	2012E	2013E	2014E
Net earnings	3.6	2.6	4.3	2.8	3.8	3.3	4.4	5.0	5.5
D&A	1.1	1.1	2.8	1.8	0.8	2.2	2.1	2.2	2.3
Change in TWC	-0.2	-0.3	-0.3	2.2	-0.3	-1.1	-0.4	-0.4	-0.3
Others	0.2	0.1	0.2	0.4	1.0	0.0	0.0	0.0	0.0
Operating cash flow	**3.5**	**3.4**	**6.5**	**6.8**	**4.9**	**4.4**	**6.1**	**6.9**	**7.6**
Operating CF margin (%)	3.3%	2.7%	4.3%	5.9%	2.7%	2.6%	3.4%	3.6%	3.8%
Capex	-1.2	-1.4	-2.8	-1.0	-4.5	-2.0	-2.5	-2.5	-2.5
Free cash flow	**2.3**	**2.0**	**3.7**	**5.9**	**0.4**	**2.4**	**3.6**	**4.4**	**5.1**
Change in liquid funds	6.8	1.6	-0.4	2.7	0.2	0.3	2.6	3.0	3.3

Balance sheet (EURm)	2006	2007	2008	2009	2010	2011E	2012E	2013E	2014E
Intangible assets	1.4	1.6	5.8	5.7	5.7	5.7	5.7	5.7	5.7
Property, plant & equipment	1.1	1.1	4.4	3.5	5.3	5.1	5.5	5.8	5.9
Financial assets	0.4	0.4	0.6	0.6	0.7	0.7	0.7	0.7	0.7
Cash and cash equivalents	5.6	7.1	8.6	9.3	9.4	9.7	12.3	15.3	18.6
Current and other assets	33.5	36.5	37.2	35.1	48.0	57.0	60.4	63.4	65.7
Total shareholders' equity	11.2	12.7	17.2	19.0	21.9	22.6	25.5	28.6	31.8
Pension provisions	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Financial liabilities	3.9	4.2	7.9	3.7	4.1	4.6	5.1	5.6	6.1
Other liabilities & provisions	26.6	29.7	31.2	31.2	42.9	50.8	53.8	56.5	58.4
Net debt	-1.7	-2.9	-0.7	-5.6	-5.4	-5.1	-7.3	-9.7	-12.5
Trade working capital	7.4	7.2	10.5	10.1	10.5	12.5	13.3	13.9	14.4
Capital employed	9.8	10.3	18.0	14.9	16.7	17.6	18.4	19.0	19.4

Ratios	2006	2007	2008	2009	2010	2011E	2012E	2013E	2014E
Capex/D&A (%)	na	121.5%	99.5%	45.4%	264.0%	92.4%	117.3%	111.7%	107.0%
ROE (%)	44.7%	21.8%	27.2%	14.4%	18.1%	14.4%	18.1%	18.9%	18.7%
ROCE (%)	47.3%	32.9%	42.0%	27.2%	40.9%	31.0%	36.6%	39.1%	40.4%
Net debt/EBITDA (%)	-38.2%	-65.4%	-8.6%	-85.1%	-66.0%	-68.7%	-83.6%	-102.0%	-124.3%
Net debt/equity (%)	-15.2%	-23.1%	-4.3%	-29.6%	-24.6%	-22.8%	-28.6%	-34.1%	-39.4%

Per share (EUR)	2006	2007	2008	2009	2010	2011E	2012E	2013E	2014E
EPS adjusted	1.72	1.15	1.73	1.08	1.52	1.30	1.75	2.04	2.24
EPS reported	1.59	1.15	1.73	1.08	1.52	1.30	1.75	2.04	2.24
CFPS	0.00	1.66	3.06	2.07	2.32	2.47	2.92	3.26	3.52
BVPS	5.35	5.60	7.14	7.80	9.00	9.10	10.20	11.36	12.58
DPS	0.00	0.30	0.43	0.63	1.20	0.65	0.88	1.02	1.12
Year-end number of shares (m)	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2

Valuation	2006	2007	2008	2009	2010	2011E	2012E	2013E	2014E
P/E	10.3	16.1	8.2	11.6	10.7	16.7	11.1	9.6	8.7
P/BV	3.3	3.3	2.0	1.6	1.8	2.4	1.9	1.7	1.6
P/CF	na	11.1	4.7	6.0	7.1	8.8	6.7	6.0	5.5
Dividend yield	0.0%	1.6%	3.0%	5.1%	7.3%	3.0%	4.5%	5.2%	5.7%
FCF yield	5.9%	4.9%	11.7%	21.1%	1.1%	5.0%	8.3%	10.1%	11.7%
EV/sales	0.4	0.3	0.2	0.2	0.2	0.3	0.2	0.2	0.2
EV/EBITDA	8.5	8.6	3.6	3.6	4.1	6.1	4.5	3.9	3.5
EV/EBIT	8.5	11.7	5.3	5.3	5.2	8.6	6.0	5.1	4.5
EV/capital employed	4.0	3.8	2.2	1.4	2.1	2.7	2.2	2.0	1.8

Source: Kepler Capital Markets

Why the stock is a Buy

Better-than-expected resilience in Q4, gross profit 2011 above estimates

After a relatively good start to the year (+12% in gross profit at end-June), in a tough economic context, Clasquin posted a downturn in its activity during the summer: minus 1% LFL in gross profit for Q3 2011. Management appeared cautious about its activity over the last month of the year.

With gross profit growth of +4.4% LFL in Q4, the company thus posted better-than-expected resilience thanks to the good performance in freight forwarding (+9.2%). The Gueppe activity (transport and logistics), more exposed to Europe and French flows, continued to decline by 13% in Q4. Gross profit in 2011 reached EUR45.1m, +6.3% or +6.6% excluding forex, above our estimate of EUR44.1m (+4% or +5% LFL).

Table 1: Sales and gross profit for 2011 versus estimates

EURm	Q1-10	Q2-10	Q3-10	Q4-10	2010	Q1-11	Q2-11	Q3-11	Q4-11E	Q4-11	FY-11E	FY-11
Sales	36.7	45.7	48.7	48.0	179.1	40.6	44.4	42.9	41.4	43.5	169.3	171.4
Growth	35.4%	82.8%	73.3%	38.9%	56.1%	10.5%	-2.8%	-11.9%	-13.8%	-9.4%	-5.5%	-4.3%
Organic growth	36.8%	76.8%	62.6%	26.4%	50.1%	8.1%	0.2%	-10.0%	-11.1%	-10.4%	-4.0%	-3.8%
Gross profit	**9.1**	**10.6**	**11.0**	**11.7**	**42.4**	**10.5**	**11.5**	**10.8**	**11.3**	**12.3**	**44.1**	**45.1**
Growth	**7.7%**	**31.0%**	**34.8%**	**22.2%**	**23.8%**	**15.1%**	**8.5%**	**-2.0%**	**-3.5%**	**5.1%**	**4.0%**	**6.3%**
Organic growth	**8.0%**	**27.4%**	**29.0%**	**17.0%**	**20.2%**	**13.1%**	**10.8%**	**-0.6%**	**-1.7%**	**4.4%**	**5.0%**	**6.6%**

Source: Kepler Capital Markets

2011 results forecasts raised

In light of the gross profit performance, our previous scenario in terms of results was too conservative. We now forecast EUR5.3m in EBIT, -17.5% versus 2010, compared with EUR5.2m previously (-21%). In 2011, margins were under pressure due to investments in future growth: new agency opening and reinforcement of staff (11.8% expected in EBIT/gross profit ratio versus 15.2% in 2010).

Clasquin started operations in three new countries: Germany in February (two agencies), India in July and Georgia in December. We estimate the negative impact at EUR1.3m in 2011 (local business is not sufficient to offset operating charges). Even though the company slowed down its front office recruitment in H2, hiring in H1 (37 people, +7%) and the continuing reinforcement of back office structures (general secretary, head of consolidation, human resources management, etc.) are expected to imply high labour costs (58% of gross profit versus 52.3% in 2010).

Moreover, Italy is expected to continue to weigh on profitability (-EUR1.9m on 2010 results) due to the total change of the local team (performed like a new country, with a negative impact on Clasquin's results).

Table 2: 2011 results forecasts

EURm	2006	2007	2008	H1-09	H2-09	2009	H1-10	H2-10	2010	H1-11	H2-11E	2011E
Sales	105.9	127.5	150.9	52.1	62.6	114.7	82.4	96.7	179.1	85.0	86.4	171.4
Growth	0.0%	20.4%	18.4%	-27.6%	-20.7%	-24.0%	58.4%	54.4%	56.1%	3.2%	-10.7%	-4.3%
LFL growth	0.0%	27.6%	14.5%	-30.9%	-20.8%	-25.6%	56.0%	45.2%	50.1%	3.7%	-10.2%	-3.8%
Gross profit	23.9	26.5	37.2	16.6	17.7	34.3	19.7	22.7	42.4	22.0	23.1	45.1
Growth	0.0%	10.9%	40.4%	-4.7%	-10.7%	-7.9%	18.6%	28.4%	23.8%	11.7%	1.8%	6.3%
Growth excluding forex	-	-	42.8%			-9.1%	17.0%	22.9%	20.2%	12.0%	2.1%	6.6%
EBIT	**3.3**	**3.3**	**5.9**	**1.7**	**2.8**	**4.5**	**2.2**	**4.2**	**6.5**	**2.4**	**2.9**	**5.3**
Growth	**0.0%**	**1.3%**	**79.5%**	**-31.1%**	**-19.8%**	**-24.6%**	**29.3%**	**53.6%**	**44.2%**	**8.8%**	**-31.4%**	**-17.5%**
% of sales	**3.1%**	**2.6%**	**3.9%**	**3.3%**	**4.4%**	**3.9%**	**2.7%**	**4.4%**	**3.6%**	**2.8%**	**3.4%**	**3.1%**
% of GP	**13.7%**	**12.5%**	**15.9%**	**10.4%**	**15.6%**	**13.1%**	**11.3%**	**18.6%**	**15.2%**	**11.0%**	**12.6%**	**11.8%**
NP	2.3	2.6	3.9	1.1	1.3	2.4	1.1	2.3	3.4	1.4	1.5	2.9
Growth	0.0%	9.0%	50.9%	-34.6%	-40.3%	-37.8%	1.7%	74.6%	41.3%	21.9%	-32.6%	-14.7%
% of sales	2.2%	2.0%	2.6%	2.1%	2.1%	2.1%	1.4%	2.4%	1.9%	1.6%	1.8%	1.7%
% of GP	9.8%	9.7%	10.4%	6.6%	7.4%	7.0%	5.7%	10.0%	8.0%	6.2%	6.6%	6.4%

Source: Kepler Capital Markets

Better-than-expected start to 2012

In light of the high base offered by H1 2011 (+12% LFL), management was relatively cautious about its ability to sustain positive growth in H1 2012. At the end of January, despite the Chinese New Year effect (one full week off in China), the activity seems to be holding up relatively well in freight forwarding. Freight rates are increasing, which augurs well, and could be the first sign of a market rebound.

Adding in better-than-expected resilience in Q4 2011 and a relatively good start to the year despite a tough base and a negative calendar effect, we judge our previous scenario as too conservative. We have thus raised our gross profit estimate on Clasquin: EUR47.4m now expected for 2012, +5% or +4% LFL. We expect an acceleration in gross profit in H2 compared with H1 thanks to a lower base. By business (Table 3):

- In freight forwarding (air and sea divisions), Clasquin will continue to benefit from its exposure to Asian flows (80% of the freight forwarding activity) and from the effect of its development strategy: 1) new office openings (Germany, India and Georgia over 12 months); 2) developing exports from Europe to Asia; 3) launch of new services (success of the quality hub in Shangai duplicate in Bangladesh); 4) continuing reinforcement of its commercial team, etc. We are thus rather confident in Clasquin's ability to generate positive organic growth.
- In transport and logistics, we estimate that in a gloomy economic context in France it will be difficult for Gueppe to rebound in 2012.
- For log systems, the success of its software division could generate recurring revenues in the maintenance activity, and the launch of a new version planned for 2014 is also likely to fuel sales growth.

Table 3: Gross profit forecasts by division

EURm	2008	2009	2010	2011	2012E	2013E	2014E
Air	14.9	12.7	16.1	17.3	18.5	19.6	20.2
Change	9.6%	-14.8%	27.2%	7.7%	7.0%	6.0%	3.0%
Sea	13.5	12.7	16.2	17.5	18.7	19.8	20.4
Change	21.6%	-5.6%	26.6%	8.4%	7.0%	6.0%	3.0%
Gueppe	6.6	6.3	7.2	6.9	6.7	6.9	7.1
Change	Ns	-4.5%	13.5%	-4.0%	-3.0%	2.5%	3.0%
Log system	1.4	1.5	1.8	2.3	2.6	2.7	3.2
Change	5.8%	7.1%	19.9%	29.7%	12.0%	5.0%	18.0%
Others	1.5	1.8	2.1	2.3	2.3	2.4	2.4
Change	Ns	20.0%	16.2%	12.1%	2.0%	2.0%	2.0%
Intra-group	-0.7	-0.8	-0.9	-1.3	-1.5	-1.7	-1.8
Total gross profit	**37.2**	**34.3**	**42.4**	**45.1**	**47.4**	**49.7**	**51.5**
Change	**40.4%**	**-7.9%**	**23.8%**	**6.3%**	**5.0%**	**5.0%**	**3.5%**
Change LFL	**18.0%**	**-9.1%**	**20.2%**	**6.6%**	**4.0%**	**5.0%**	**3.5%**

Source: Kepler Capital Markets

Management is looking for external growth opportunities (Gueppe acquired in 2008) to accelerate its development. Some small deals in freight forwarding activities are still in the pipeline (not integrated into our scenario).

Gradual margin improvement, accelerating results growth

In terms of margins, thanks to the ramp-up of the agencies opened in 2011 (decrease in losses in 2012 and positive results expected for 2013), a gradual recovery in Italy, and as no openings have been planned for 2012, we remain convinced that Clasquin will be able to improve its profitability (Table 4).

Adding in gross profit growth and margin improvement, results are expected to rebound as of 2012. Thanks to better-than-expected resilience, we have raised our sales and results estimates on Clasquin: +5% on our net profit forecasts for 2011, +7% for 2012 and +5% for 2013.

Table 4: Changes to our results forecasts

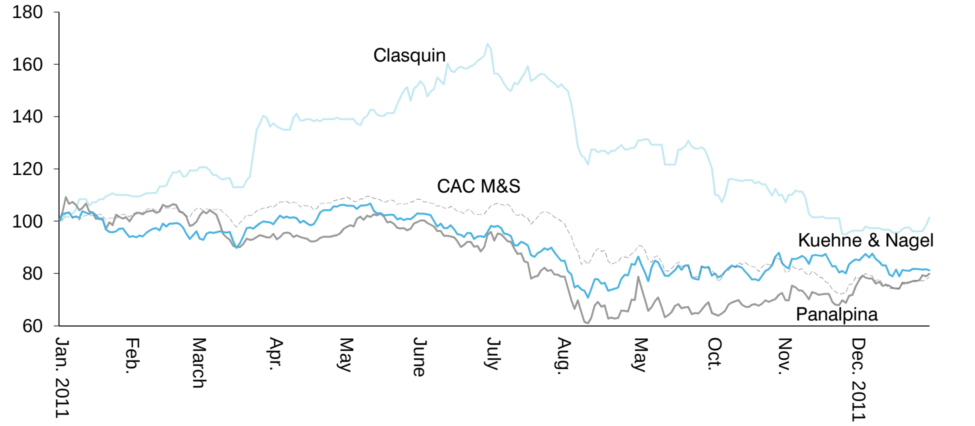
EURm	2008	2009	2010	2011E		2012E		2013E	
				Old	New	Old	New	Old	New
Sales	150.9	114.7	179.1	169.3	171.4	172.6	181.7	181.3	190.8
Growth	18.4%	-24.0%	56.1%	-5.5%	-4.3%	2.0%	6.0%	5.0%	5.0%
GP	37.2	34.3	42.4	44.1	45.1	45.0	47.4	47.2	49.7
Growth	40.4%	-7.9%	23.8%	4.0%	6.3%	2.0%	5.0%	5.0%	5.0%
EBIT	5.9	4.5	6.5	5.1	5.3	6.2	6.6	7.0	7.3
% of sales	3.9%	3.9%	3.6%	3.0%	3.1%	3.6%	3.6%	3.9%	3.8%
% of GP	15.9%	13.1%	15.2%	11.6%	11.8%	13.8%	13.9%	14.8%	14.7%
NP	**3.9**	**2.4**	**3.4**	**2.8**	**2.9**	**3.6**	**3.9**	**4.3**	**4.5**
% of sales	**2.6%**	**2.1%**	**1.9%**	**1.6%**	**1.7%**	**2.1%**	**2.1%**	**2.4%**	**2.4%**
% of GP	**10.4%**	**7.0%**	**8.0%**	**6.2%**	**6.4%**	**8.1%**	**8.2%**	**9.2%**	**9.1%**
Change	**-**	**-**	**-**	**5.3%**		**7.2%**		**5.1%**	

Source: Kepler Capital Markets

Reassuring outlook, upgrade from Hold to Buy

Thanks to its ability to detect and communicate about changes in trend, we were not surprised by the drop in gross profit during summer 2011. Relative to its peers, Clasquin thus registered better resilience in terms of share price (Chart 1) despite its lower liquidity: the share price was flat in 2011, compared with minus 20% for Panalpina or minus 19% for Kuehne & Nagel, and minus 21% for CAC M&S index).

Chart 1: Share price performance in 2011 (base 100 on 31/12/2010)



Source: Factset

Thanks to this good resilience, the discount applied to Clasquin versus peers in terms of multiples has been reduced from 60% on average in early 2011 to around 35% during the summer, and is now at 40-45% (based on PE and EV/EBIT multiples).

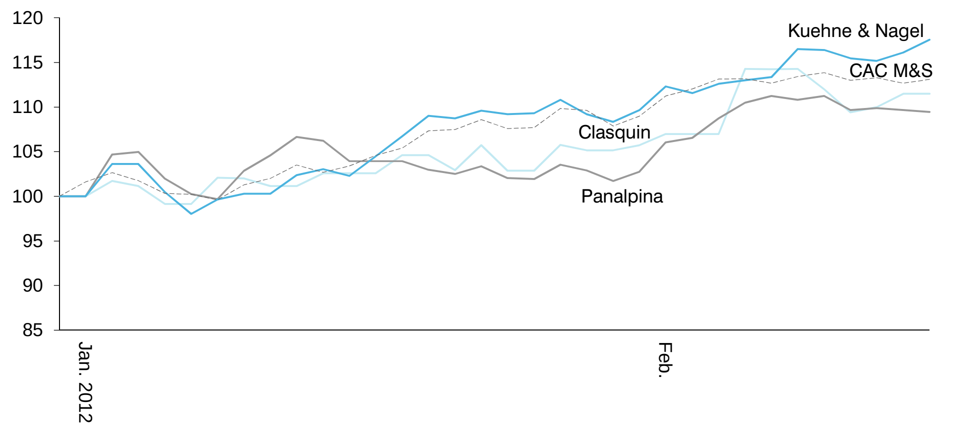
Table 5: Multiples versus peers

	P/E			EV/EBIT		
	2012	2013	2014	2012	2013	2014
Panalpina	18.0	15.1	12.6	8.8	7.1	5.5
Kuehne & Nagel	22.2	19.6	17.3	13.9	11.9	9.6
Average	20.1	17.4	14.9	11.3	9.5	7.5
Clasquin	11.1	9.6	8.7	6.0	5.1	4.5
Current discount	-45%	-45%	-42%	-47%	-46%	-40%

Source: Kepler Capital Markets

Due to the early-cyclical nature of the business, the share price of freight forwarders had started to rebound, but surprisingly not faster than the market: +9% for Panalpina, +11% for Clasquin, and +18% for Kuehne & Nagel, compared with +13% for the CAC M&S index.

Chart 2: Share price performance YTD (base 100 on 30/12/2011)



Source: Factset

We estimate that it is just the beginning of the share price rebound, as the January performance is rather reassuring. Moreover, the base effect is set to become easier as of Q3, and news is likely to remain positive. As visibility is improving, we estimate that it is the right time to come back on the stock. We therefore upgrade our rating from Hold to Buy.

Valuation: target price lifted from EUR21 to EUR23.8

In the freight forwarding business, sales are not a good indicator of activity. They are highly influenced by oil prices and freight rates, which are very volatile (increase or decrease passed on to clients). Therefore, gross profit is a better measure of activity and the profitability of market players.

DCF approach

Our DCF method is based on the following assumptions:

- A cost of debt of 5%.
- A market risk premium of 4.5%.
- A risk-free rate of 3%.
- A Beta of 2.
- A discount rate of 12%.
- Sales and gross profit growth of 2% at cruising speed (as of 2017), and an EBIT margin capped at 16% of gross profit or 4.2% of sales as of 2017.
- WCR maintained at 4% of sales.
- Perpetual cash flow growth of 2%.
- No further external growth operations.

Table 6: DCF: summary of our forecasts

EURm	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Sales	182	191	197	203	208	213	217	221	226	230	235
Growth	6.0%	5.0%	3.5%	3.0%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Gross profit	47	50	51	53	54	55	57	58	59	60	61
Growth	5.0%	5.0%	3.5%	3.0%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
EBITDA	8.7	9.5	10.1	10.6	11.0	11.4	11.6	11.8	12.1	12.3	12.6
% of sales	4.8%	5.0%	5.1%	5.2%	5.3%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
% of GP	18.4%	19.2%	19.6%	19.9%	20.2%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%
Amortization	2.1	2.2	2.3	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.8
% of sales	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
% of GP	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
EBIT	6.6	7.3	7.8	8.2	8.5	8.9	9.0	9.2	9.4	9.6	9.8
Growth	23.7%	11.0%	6.2%	5.2%	4.5%	3.9%	2.0%	2.0%	2.0%	2.0%	2.0%
% of sales	3.6%	3.8%	3.9%	4.0%	4.1%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
% of GP	13.9%	14.7%	15.1%	15.4%	15.7%	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
Tax	-2.0	-2.2	-2.3	-2.4	-2.6	-2.7	-2.7	-2.8	-2.8	-2.9	-2.9
Tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Change in WCR	-0.4	-0.4	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
WCR	7.3	7.6	7.9	8.1	8.3	8.5	8.7	8.8	9.0	9.2	9.4
% of Sales	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Investments	-2.5	-2.5	-2.5	-2.3	-2.4	-2.4	-2.5	-2.5	-2.6	-2.6	-2.7
% of sales	-1.4%	-1.3%	-1.3%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%
Free cash flows	3.8	4.5	5.0	5.5	5.8	6.1	6.2	6.4	6.5	6.6	6.7
Growth	Ns	Ns	Ns	11%	5%	5%	2%	2%	2%	2%	2%
% of sales	2.1%	2.4%	2.5%	2.7%	2.8%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
% of GP	8.1%	9.0%	9.7%	10.5%	10.7%	11.0%	11.0%	11.0%	11.0%	11.0%	11.0%
% of EBIT	58.1%	61.4%	64.5%	67.9%	68.4%	68.9%	68.9%	68.9%	68.9%	68.9%	68.9%
Discounted FCF	**3.4**	**3.6**	**3.6**	**3.5**	**3.3**	**3.1**	**2.8**	**2.6**	**2.3**	**2.1**	**1.9**
Sum of FCF	30.3										
Terminal value	21.7										
Infinite growth	2.0%										
WACC	12.0%										
Beta	2.0										
Risk premium	4.5%										
Risk free rate	3.0%										
Enterprise value	**52.1**										
Net debt	-5.1										
Minorities	4.5										
Equity value	52.7										
Implied fair value (EUR)	**23.6**										

Source: Kepler Capital Markets

We obtain a value per share of EUR23.6.

Table 7: Sensitivity

		EBIT margin as of 2017				
	% of sales	2.8%	3.3%	4.2%	4.2%	4.7%
	% of GP	12.0%	14.0%	16.0%	18.0%	20.0%
Infinite growth	1.5%	19.3	21.2	23.2	25.1	27.0
	2.0%	19.7	21.7	23.6	25.6	27.6
	2.5%	20.1	22.1	24.1	26.2	28.2

		WACC				
		10.0%	11.0%	12.0%	13.0%	14.0%
Infinite growth	1.5%	28.9	25.7	23.2	21.0	19.3
	2.0%	29.8	26.4	23.6	21.4	19.5
	2.5%	30.8	27.1	24.1	21.8	19.8

Source: Kepler Capital Markets

Peers

The company has many competitors listed in Europe, Panalpina and Khuene & Nagel (the most established players in the market), DHL (subsidiary of Deutsche Post), SDV (subsidiary of Bolloré) and DSV among others. Many freight forwarders are also listed in the US (Uti Worldwide, Expeditors, Eagle), with multiples slightly higher than those of their European counterparts.

However, as US companies do not have the same target clients (domestic clients for Clasquin) or the same regional presence, we think it more relevant to focus our comparison sample on European companies.

Moreover, due to the different nature of air and sea freight compared with logistics and road transport (asset light, more volatile, less concentrated network) we have only considered those which have a majority of their activity in air and sea freight (Panalpina, Khuene & Nagel).

Table 8: Peer sample

	Country	Price (on 15/02/12)	MC (EURm)	Sales 2011 (EURm)	GP 2011 (EURm)	EBIT/sales 2011 (%)	EBIT/GP 2011 (%)
Panalpina	Switzerland	87.3	2,181	5,386	968	2.8	15.4
Kuehne & Nagel	Switzerland	102.8	12,331	16,073	4,742	3.9	13.4
Clasquin	France	19.5	44	171	45	3.1	11.8

Sources: Thomson Reuters, Kepler Capital Markets

Although we think the relatively small size and lower liquidity of Clasquin justify a discount, we see the current discount of 45% as excessive compared with the outlook in terms of results growth. For Clasquin, we expect EPS growth of 25% a year on average over 2011-13, and consensus expects +13% and +11% respectively for Panalpina and Khuene & Nagel. We therefore estimate that the discount could be reduced to around 30-35% (integrated into our scenario).

Table 9: Clasquin multiples versus peer multiples, and theoretical valuation

	P/E			EV/sales			EV/EBITDA			EV/EBIT		
	2012	2013	2014	2012	2013	2014	2012	2013	2014	2012	2013	2014
Panalpina	18.0	15.1	12.6	0.24	0.22	0.20	7.2	5.9	4.8	8.8	7.1	5.5
Kuehne & Nagel	22.2	19.6	17.3	0.56	0.50	0.44	11.0	9.5	7.8	13.9	11.9	9.6
Average	**20.1**	**17.4**	**14.9**	**0.40**	**0.36**	**0.32**	**9.1**	**7.7**	**6.3**	**11.3**	**9.5**	**7.5**
Clasquin	11.1	9.6	8.7	0.22	0.20	0.18	4.5	3.9	3.5	6.0	5.1	4.5
Current discount	-45%	-45%	-42%	-46%	-46%	-44%	-50%	-49%	-45%	-47%	-46%	-40%
Multiples after a discount of only 30-35%,	13.6	11.7	10.1	0.27	0.24	0.22	6.1	5.2	4.3	7.6	6.4	5.1
Theoretical valuation (EUR per share)	**23.7**	**23.9**	**22.6**	**23.9**	**23.6**	**22.9**	**25.8**	**25.1**	**23.0**	**24.4**	**23.8**	**21.5**

Sources: Thomson Reuters, Kepler Capital Markets

Based on the PE and EV/EBIT multiples for 2012 and 2013, the most relevant in that segment, we obtain a theoretical valuation of EUR24.0 per share.

Summary: EUR23.8 per share

Table 10: Summary of our valuation approach

Method	Per share EUR	Upside	PE 2011	PE 2012	EV/sales 2011	EV/sales 2012	EV/EBITDA 2011	EV/EBITDA 2012	EV/EBIT 2011	EV/EBIT 2012
Peers	24.0	22.9%	13.7	11.8	0.27	0.25	5.7	5.0	7.5	6.5
DCF	23.6	21.1%	13.5	11.6	0.27	0.24	5.6	4.9	7.4	6.4
Target price	**23.8**	**22.0%**	**13.6**	**11.7**	**0.27**	**0.25**	**5.6**	**4.9**	**7.4**	**6.4**

Source: Kepler Capital Markets

We obtain a theoretical valuation of EUR23.8 per share. Based on our new results estimates, and thanks to the rollover of our valuation approach (from 2012 versus from 2011 before) we have raised our target price from EUR21 to EUR23.8, offering 22% upside.

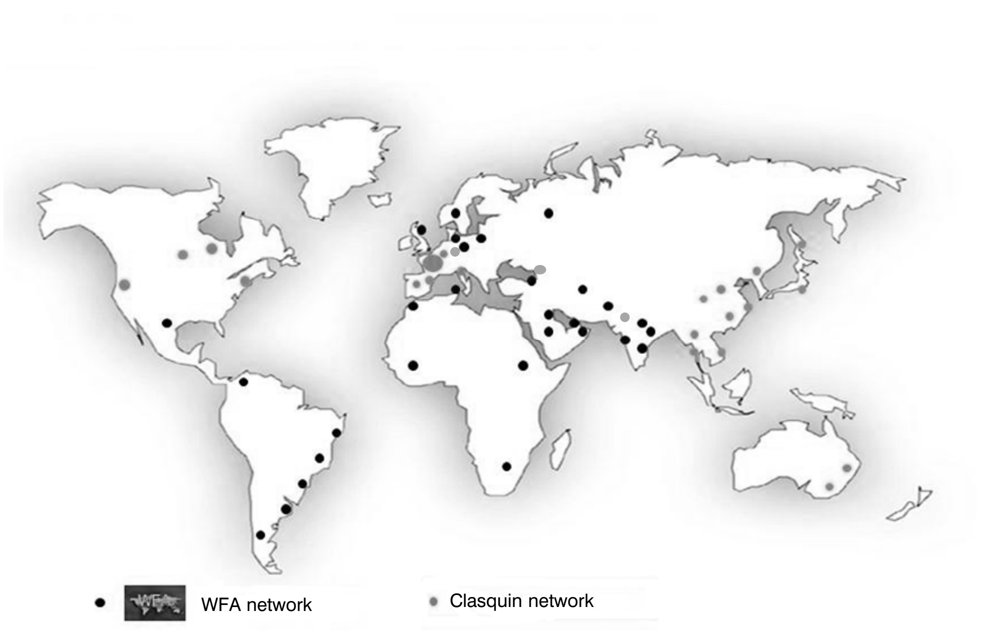
Appendix

Table 11: Network development

	1983	1990	1995	2000	2005	2006	2007	2008	2009	2010	2011	2012E
Offices	1 (Lyon)	12	18	30	33	36	36	40	38	40	44	44
Countries	1	Nc	Nc	Nc	14	14	14	16	16	16	19	19

Source: Clasquin

Chart 3: WFA and Clasquin network



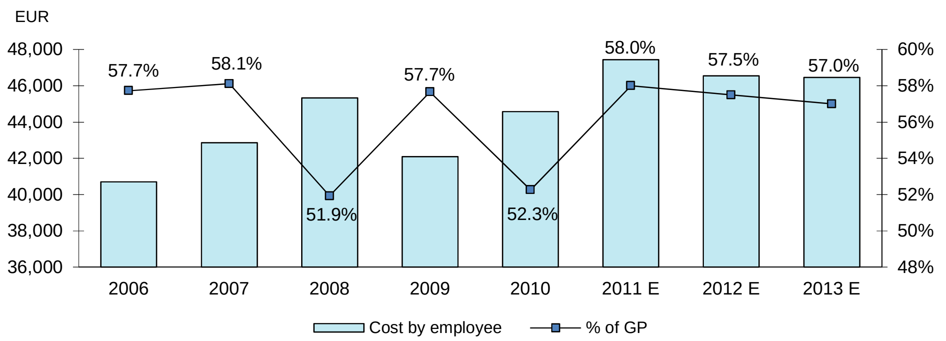
Source: Clasquin

Table 12: Gross profit per employee

	2006	2007	2008	2009	2010	2011E	2012E	2013E
Average staff	339	360	427	470	498	552	585	610
Growth		6%	18%	10%	6%	11%	6%	4%
Gross profit per employee (EUR)	**70,496**	**73,611**	**87,222**	**73,003**	**85,313**	**81,777**	**80,940**	**81,512**
Growth		**4%**	**18%**	**-16%**	**17%**	**-4%**	**-1%**	**1%**

Sources: Clasquin, Kepler Capital Markets

Chart 4: Labour cost forecasts



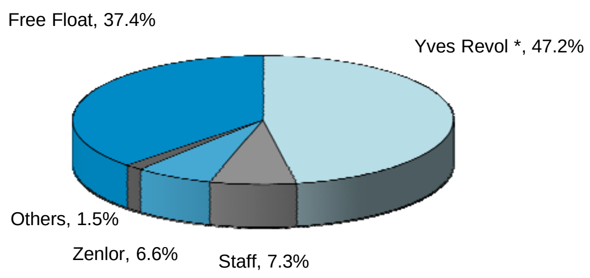
Source: Kepler Capital Markets

Table 13: FCF generation forecasts

	2006	2007	2008	2009	2010	2011E	2012E	2013E
Cash flow	3.7	3.7	6.8	4.6	5.2	5.5	6.5	7.3
Capex	-1.2	-1.4	-2.8	-1.0	-4.5	-2.0	-2.5	-2.5
WCR	7.5	7.5	7.8	5.7	5.8	6.9	7.3	7.6
% of sales	7.1%	5.9%	5.2%	5.0%	3.2%	4.0%	4.0%	4.0%
Change in WCR	-0.2	-0.3	-0.3	2.2	-0.3	-1.1	-0.4	-0.4
FCF	**2.3**	**2.0**	**3.7**	**5.9**	**0.4**	**2.4**	**3.6**	**4.4**
FCF yield	**4.5%**	**4.9%**	**11.7%**	**21.0%**	**Ns**	**5.0%**	**8.4%**	**10.3%**

Source: Kepler Capital Markets

Chart 5: Capital split



* Directly and through its Olymp holding
Source: Clasquin

Research ratings and important disclosures

Disclosure checklist - Potential conflict of interests

Stock	ISIN	Disclosure (See Below)	Currency	Price
Clasquin	FR0004152882	8	EUR	19.51
Kuehne + Nagel	CH0025238863	nothing to disclose	CHF	122.00
Panalpina	CH0002168083	nothing to disclose	CHF	105.50

Source: Factset closing prices of 16/02/2012
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