

Clasquin - Buy - TP EUR 27.5

Mkt. Cap. EUR 48m - Yves REVOL + OLYMP 47% - Free Float 37%

Price 15/01/2015 : EUR 20.80

Raphaël Hoffstetter
Tel: +33 (0)4 72 68 27 11
E-mail: rhoffstetter@oddo.fr



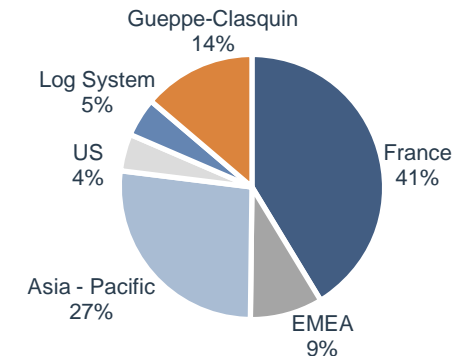
BUSINESS: A benchmark midcap in freight forwarding

- A benchmark player in **freight forwarding**, a business based on commissioning of air/sea transport and management of overseas logistics => 50 offices spread over 20 countries: management of import-export flows between Europe, Asia-Pacific and North America.
- A **balanced client portfolio** (textiles-fashion 27%, consumer goods 24%, industries 22%...)
- A **pure player**, in competition with major international groups that are more diversified (Panalpina, DSV) or integrated (Kuehne Nagel, DHL, Geodis...).
- A 70% stake in a **regional transport company** (Gueppe Clasquin), with a limited contribution (14% gross margin) but with high margins (EBIT margin of close to 15%).

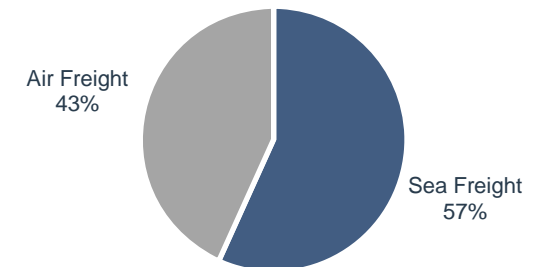
STRATEGY AND OUTLOOK

- **Beneficial track-record**: CAGR in sales close to 10% over 10 years => double the market performance in historical terms
- Better commercial reactivity involving development of a **customised offer**: i/ specific expertise (customs clearance, liquid products, perishables, wines & spirits etc.), ii/ an internal IT system developed since 1990 and iii/ a stable and experience management team
- **Targeted M&A activity currently resuming**: gaining critical mass in three historical regions (western Europe, Asia, North America) and development of niche businesses (cargo project, events, urgent for example) especially in France
- Two small acquisitions made at end- 2014: Garnett in the US (gross margin of \$ 3.6m) and GAF in Germany (gross margin > €0.7m)
- **Emerging from team strengthening phase** (which weighed on EBIT/gross margin conversion) in transversal management positions

Geographical breakdown of sales



Breakdown of overseas gross margin



SWOT analysis

Strengths

- Asset light model
- Flexibility of offer
- Fragmented client basis
- Proprietary IT system
- Track record

Weaknesses

- Start-up costs for new businesses (Germany, India etc.)
- Exposure to Europe/Asia (2/3 of gross margin)
- Sensitivity to volumes

Opportunities

- Geographical density of network
- New recruitments
- M&A
- Niche businesses

Threats

- Change in freight rates
- Competitive pressure
- Acceleration in turnover
- More cyclical transport business

Clasquin - Buy - TP EUR 27.5

Mkt. Cap. EUR 48m - Yves REVOL + OLYMP 47% - Free Float 37%

Price 15/01/2015 : EUR 20.80

Raphaël Hoffstetter
Tel: +33 (0)4 72 68 27 11
E-mail: rhoffstetter@oddo.fr



INVESTMENT CASE: 2015, less pressure on margin and better conversion rate

- **2014 EBIT in decline** (-17% yoy): healthy growth in number of operations (+8%e) but i/ volatility in freight rates in H1, at high levels (pressure on margin per case), ii/ impact of recruitments made since 2013 and iii/ booking of a few exceptional costs.
- **But beneficial recent trends?** No change in terms of volumes in Q4 and renewed calm confirmed for sea freight rates (less pressure on margins as of H2 2014).
- **Healthy momentum in 2015 for operations:** sea market expected to rise 3/4% for air market up 2/3% + outperformance by Clasquin (+7%e) + aim to continue acquisitions (leverage of 0.8x)
- **Surge in 2015 EBIT** (+€ 2.3me yoy or +60%), including i/ full-year impact of two small acquisitions at end-2014 (+€ 0.4me), ii/ growth in gross margin more in line with number of operations handled (+€ 0.8me) and stabilisation in operating costs after period of bolstering structure, iii/ disappearance of one-off costs of 2014 (+€ 0.6me), and iv/ decline in losses at certain subsidiaries (Germany, Singapore /+€ 0.5me).

VALUATION: stockmarket undervaluation... while low point exceeded in EPS

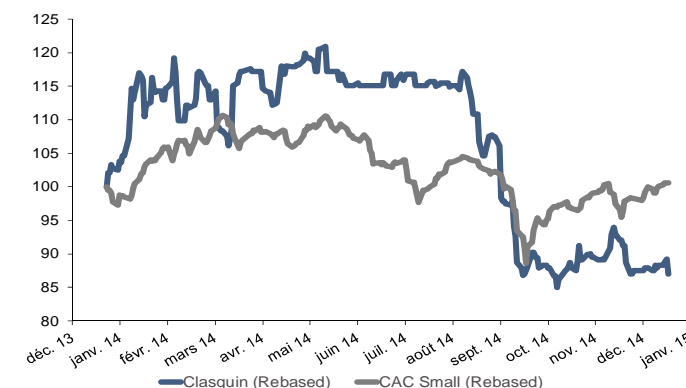
- 2015 EV/EBIT of 8.3x – after underperformance in H2 2014, mid-cycle ratios for low point just exceeded in EPS

RECENT NEWS

- Q3 gross margin up 1% with i/ a temporary slowdown in growth in number of operations (+3% after +10% in H1: air pocket in August made up for by good month in September), ii/ offset by a hike in margins per case, enabled by lower sea freight rates at the end of the quarter

NEXT EVENT

- 19 February 2015: annual business, confirming recovery in number of operations handled in Q4



Valuation Ratios	12/13	12/14e	12/15e	12/16e
PER	22.2x	32.0x	14.1x	11.7x
EV/sales	0.2x	0.3x	0.2x	0.2x
EV/Ebitda	7.6x	11.4x	7.0x	6.2x
EV/Ebit	10.5x	16.5x	8.3x	7.0x
P&L (€m)	12/13	12/14e	12/15e	12/16e
Sales	198.1	207.0	222.1	232.6
Var.	7.3%	4.5%	7.3%	4.8%
Ebitda	6.3	5.5	7.2	8.1
Var.	4.7%	-13.2%	32.2%	11.4%
Current EBIT	4.6	3.8	6.1	7.1
Var.	7.4%	-17.1%	60.6%	17.3%
Net Result	2.2	1.8	3.4	4.1
Var.	3.6%	-15.3%	84.2%	20.7%
Margins & CF	12/13	12/14e	12/15e	12/16e
Ebitda Margin	3.2%	2.6%	3.3%	3.5%
Op. Margin	2.3%	1.8%	2.7%	3.1%
Net Margin	1.1%	0.9%	1.5%	1.8%
FCF	2.2	0.8	1.8	2.5
Net Debt (€m)	-0.1	4.4	3.9	4.0
Net Debt/Ebitda	ns	0.8x	0.5x	0.5x
Gearing	0%	20%	16%	15%
ROE	10%	9%	15%	17%
ROCE (aft.tax)	14%	10%	ns	ns
Net Yield	3.7%	2.6%	5.8%	6.5%

Source: Oddo Securities - Clasquin - 15/01/2015