

Clasquin Hold

France | Support services

MCap: EUR73.0m

Target Price: EUR 28.00
Current Price: EUR 31.70
Up/downside: -11.7%
Market data: 23 September 2020

Bloomberg: ALCLA FP	Reuters: ALCLA.PA
Free float	39%
Avg. daily volume (EURm)	0.0
YTD abs performance	-9.4%
52-week high/low (EUR)	41.20/18.50

Remarkable resilience in the first half

Key points:

- Clasquin managed to maintain the EBITDA stable in the first half on a year-on-year basis despite the unprecedented disruption of world trade caused by the pandemic. It beats our estimates by a fair margin.

H1 results takeaways

- Clasquin confirms its resilience in the Covid environment. Gross profit is stable at EUR36.1m and only down 7% on a LFL basis (already announced in August). The EBITDA is even slightly improving (+3% LFL at EUR7m) helped by: 1) operational measures to lower the breakeven point (working time reduction, reduction in manager and senior executive's salaries, deferral of non-essential charges, public subsidies to maintain operations); 2) the set-up of exceptional air freight shipments at high margins (chartering planes, etc.); and 3) the consolidation of Cargolution (Canadian company acquired on 01/10/2019).
- The accounting of a provision for client risks of EUR1m explained the decline in EBIT (-27%) and net income at EUR0.8m (-58%).
- Overall, Clasquin's reported performance in the first half exceeds our estimates by 30% in average on P&L key metrics.
- The degree of resilience was different according to regions. The Greater China region, which entered the crisis earlier, was quick to emerge (GP up 7%). The US experienced a strong recovery in trans-pacific towards the end of H1 (GP +9%). Finally, Germany and South Korea have seen positive business developments. On the contrary France, which accounts for roughly one-third of group gross profit, saw a decline of 8% in GP. The business lines mostly impacted are "Fairs & Events" and "Art shipping".
- We understand that Clasquin's ability to provide custom solutions like exceptional air freight shipments at high margins (chartering planes, etc.), in particular from Asia, was crucial to achieve that performance. It gives it an edge compared to global freight forwarders that are more comfortable with standard operations.
- On top of the greater flexibility, we assume that the diversity of the Clasquin's business activities (air and sea freight, RORO, customs, logistics, etc.), the broad range of client sectors served (luxury goods, electronics, industry, retail, etc.) and the group's global footprint helped it to withstand the crisis more strongly than the market.
- The cash situation was preserved thanks to a resilient EBITDA, a tighter control of trade receivables, the deferral of bank and government agency payment deadlines and the decision not to distribute dividends on 2019 results. The net debt position is EUR24m, representing a comfortable leverage of 1.7x EBITDA.
- Clasquin stands by its ambition to outperform the market evolution. WTO anticipates a 10-15% decrease in international trade in 2020.

Appendix 1: Research framework

Last model update: 04 May 2020

Investment case

- Clasquin capitalises on its differentiating profile in the freight forwarding industry (medium-sized global player), which enables it to offer end-to-end solutions like industry giants do, but with higher degrees of customisation and flexibility. Growth at Clasquin is balanced (the largest customer does not exceed 3% of gross profit) and diversified (a mix of new clients and growing market shares at existing clients). In a somewhat moderate and uncertain context for trade (though still firmly above the post-financial crisis average), we see Clasquin as capable of continued growth that is faster than market benchmarks, while returning to low double-digit profitability.

Catalysts

- Development of niche expertise and verticals (wine and spirits, fairs and events, fine arts)
- Broadening of its offering (logistics, supply chain)
- Business ramp-up in fast-growing regions for trade

Valuation methodology

- DCF based on a 7.5% WACC, 2.5% terminal growth and an 11% terminal conversion ratio.

Risks to our rating

- Slowdown in world trade growth
- Overcapacity in freight

Appendix 2: Company description

Clasquin is an air and sea freight forwarder with a focus on Asia/Europe, Asia/US and Europe/Latam flows. Thanks to external growth operation managed in 2008 Clasquin also operates road transport and logistics in France under the name Gueppe-Clasquin.

Management Yves Revol, CEO | Philippe Lons, CFO

Key shareholders Yves Revol: 47.20% | Zenlor: 6.60% | Staff: 7.80% | Others: 1.80%

Appendix 4: SWOT analysis**Strengths**

- International integrated network (US, Europe, Asia)
- Differentiated profile (family-owned business, medium-size company)
- Diversified and balanced customer base (first customer <3% of GP)
- Strong presence in China

Opportunities

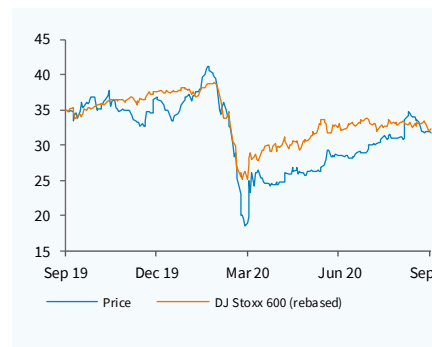
- Development of niche expertise /verticals (e.g. wine, fairs, fine arts, etc.)
- New TMS deployed (2018) to boost productivity in the medium term
- Broadening of offering (overseas logistics, supply chain consulting, etc.)

Weaknesses

- Limited presence in the US
- Lower volume shipped, GP/volume, and conversion rate than competitors

Threats

- Slowing worldwide trade (2018-19)
- High volatility of sea freight rates

Appendix 3: share price perf.

Appendix 5: Key financials

Last model update: 04 May 2020

Market data date: 23 September 2020

FY to 31/12 (EUR)	12/13	12/14	12/15	12/16	12/17	12/18	12/19	12/20E	12/21E	12/22E
Income Statement (EURm)										
Sales	198.1	201.7	234.2	235.0	290.6	308.3	331.3	289.5	308.5	347.6
% Change	7.3%	1.8%	16.1%	0.3%	23.6%	6.1%	7.4%	-12.6%	6.6%	12.6%
EBITDA adjusted	6.3	4.6	8.2	7.1	7.4	9.3	13.9	9.0	12.5	14.5
EBITDA adj. margin (%)	3.2%	2.3%	3.5%	3.0%	2.5%	3.0%	4.2%	3.1%	4.1%	4.2%
EBIT adjusted	4.5	3.1	6.3	4.0	5.4	5.8	8.3	2.5	5.9	7.5
EBIT adj. margin (%)	2.3%	1.5%	2.7%	1.7%	1.9%	1.9%	2.5%	0.9%	1.9%	2.2%
Net financial items & associates	-0.4	-0.4	-0.1	-0.5	-0.6	-0.2	-0.6	-0.6	-0.6	-0.6
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	-1.6	-0.9	-1.9	-1.5	-1.9	-2.1	-3.2	-0.7	-1.9	-2.5
Net profit from continuing operations	2.5	1.8	4.2	2.0	2.9	3.4	4.5	1.2	3.4	4.4
Net profit from discontinuing activities	0.0	0.7	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	2.5	2.5	4.0	2.0	2.9	3.4	4.5	1.2	3.4	4.4
Net profit reported	2.2	2.1	3.3	1.6	2.5	2.8	3.9	0.6	2.8	3.8
Net profit adjusted	2.2	2.1	3.3	1.6	2.5	2.8	3.9	0.6	2.8	3.8
Cash Flow Statement (EURm)										
Levered post tax CF before capex	5.1	6.1	7.8	1.3	2.4	4.5	16.1	4.9	9.1	9.9
Capex	-2.8	-2.9	-2.4	-3.6	-3.6	-3.6	-2.5	-3.7	-3.9	-4.4
Free cash flow	2.3	3.2	5.4	-2.2	-1.2	0.9	13.6	1.2	5.1	5.4
Acquisitions & divestments	0.0	-1.8	-8.5	-0.6	0.1	-1.8	-7.1	0.0	0.0	0.0
Dividend paid	-2.0	-2.2	-2.1	-2.9	-1.9	-2.6	-1.6	-0.1	-0.8	-1.5
Others	-0.5	-0.4	1.5	-0.1	-1.5	0.0	0.0	-0.2	-0.2	-0.2
Change in net financial debt	0.1	1.1	3.6	5.9	4.6	3.6	-4.9	-0.9	-4.1	-3.7
Balance Sheet (EURm)										
Intangible assets	8.4	11.4	17.3	19.1	19.6	22.0	30.6	29.5	28.4	27.4
Tangible assets	5.5	6.2	3.8	5.2	5.1	5.7	13.2	12.1	11.0	10.0
Financial & other non-current assets	1.5	1.8	2.9	2.8	2.8	2.6	2.2	2.2	2.2	2.2
Total shareholders' equity	22.2	23.3	23.8	23.2	22.9	24.5	26.8	27.9	30.4	33.3
Pension provisions	1.0	1.4	1.1	1.2	3.6	3.3	10.8	10.8	10.8	10.8
Liabilities and provisions	na	73.0	85.4	93.4	100.2	112.4	134.9	172.5	181.1	198.5
Net debt	0.9	2.1	6.3	12.8	16.4	19.3	24.4	23.5	19.4	15.7
Net financial debt	-0.1	0.7	5.2	11.6	12.7	16.0	13.6	12.7	8.6	4.9
IFRS 16 debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net working capital	na	6.2	6.3	9.2	12.7	14.3	6.2	8.7	9.3	10.4
Invested capital	na	23.8	27.3	33.5	37.4	42.0	50.0	50.2	48.6	47.8
Per share data (EUR)										
EPS adjusted	0.96	0.93	1.45	0.69	1.08	1.23	1.69	0.27	1.21	1.65
EPS adj and fully diluted	0.96	0.93	1.45	0.69	1.08	1.23	1.69	0.26	1.20	1.65
% Change	4.8%	-3.4%	57.0%	-52.5%	56.6%	13.9%	37.0%	-84.3%	354.2%	37.0%
EPS reported	0.96	0.93	1.45	0.69	1.08	1.23	1.69	0.27	1.21	1.65
Cash flow per share	2.20	2.65	3.39	0.58	1.04	1.94	7.01	2.14	3.94	4.29
Book value per share	9.14	9.22	9.42	8.78	8.57	9.31	9.54	9.74	10.59	11.58
Dividend per share	0.75	0.80	1.25	0.80	0.80	0.65	0.00	0.30	0.60	0.65
Number of shares, YE (m)	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Ratios										
ROE (%)	10.4%	10.1%	15.6%	7.6%	12.5%	13.8%	18.0%	2.8%	11.9%	14.9%
ROIC (%)	na	na	16.9%	7.6%	9.2%	9.2%	11.4%	3.2%	7.6%	9.9%
ND(F+IFRS16) / EBITDA (x)	0.0	0.2	0.6	1.6	1.7	1.7	1.0	1.4	0.7	0.3
Gearing (%)	-0.5%	3.0%	21.9%	50.0%	55.7%	65.2%	50.6%	45.5%	28.2%	14.6%
Valuation										
P/E adjusted	21.9	27.7	20.3	42.9	30.7	29.7	20.4	119.4	26.3	19.2
P/E adjusted and fully diluted	21.9	27.7	20.3	42.9	30.7	29.7	20.5	119.7	26.4	19.2
P/BV	2.3	2.8	3.1	3.4	3.9	3.9	3.6	3.3	3.0	2.7
P/CF	9.5	9.6	8.7	50.8	31.9	18.8	4.9	14.8	8.0	7.4
Dividend yield (%)	3.6%	3.1%	4.2%	2.7%	2.4%	1.8%	0.0%	0.9%	1.9%	2.1%
FCF yield (%)	4.8%	5.5%	8.0%	-3.2%	-1.6%	1.0%	17.1%	1.7%	7.1%	7.5%
EV/Sales	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.4	0.3	0.3
EV/EBITDA adj.	7.9	13.8	9.2	11.8	13.0	11.5	7.8	11.3	7.9	6.6
EV/EBIT adj.	11.1	20.3	12.1	20.9	17.6	18.4	13.2	40.5	16.6	12.6

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	21/02/2020 09:39	Equity Research	Hold	36.00	39.50
	19/03/2020 08:20	Equity Research	Hold	28.00	20.00

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